

FOR IMMEDIATE RELEASE

PRESS RELEASE

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

SAN JOSE, CA (Accesswire) – October 21, 2024 – Avidbank Holdings, Inc. (OTC Pink: AVBH) announced net income for the third quarter of 2024 of \$5.8 million, or \$0.77 per diluted share, compared to \$3.5 million, or \$0.46 per diluted share, for the second quarter of 2024 and \$5.4 million, or \$0.72 per diluted share, for the third quarter of 2023.

Third Quarter 2024 Highlights

- Return on average assets was 1.02% compared to 0.62% in the second quarter of 2024 and 0.99% in the third quarter of 2023.
- Book value per share was \$23.95, an increase of \$2.18, or 10%, from June 30, 2024, and an increase of \$5.12, or 27%, from September 30, 2023.
- The loan to deposit ratio improved to 94.0%, from 103.9% at June 30, 2024 and 97.8% at September 30, 2023.
- Period end deposits increased \$163.0 million, or 38% annualized, from June 30, 2024, and \$247.2 million, or 15%, from December 31, 2023. Brokered deposits decreased \$22.7 million from June 30, 2024 and \$21.3 million from September 30, 2023.
- Annualized net charge-offs to average loans totaled 0.02% for the third quarter of 2024 and 0.0% for the second quarter of 2024. Nonperforming assets to total assets totaled 0.16% as of September 30, 2024, compared to 0.16% as of June 30, 2024.
- Consolidated total risk-based capital improved to 12.92% from 12.17% at June 30, 2024. This improvement included the benefit from a portion of our multifamily loan portfolio that qualifies for a reduced risk-weighted asset treatment.
- Short-term borrowings were down \$170.0 million compared to June 20, 2024, as increased core deposits enabled paydowns of more expensive sources of funds.

“During the third quarter, we continued to make solid progress on our overall goal for this year of strengthening our balance sheet. This included another quarter of strong growth in core deposits and significant improvement in our capital ratios. Total deposits, excluding brokered, increased approximately \$186 million compared to the second quarter. Our capital position continues to improve, with a tangible common equity ratio of 8.21% and a total risk-based capital ratio of 12.92%. We also experienced a 10% increase in our tangible book value per share during the third quarter to \$23.95 due to improved profitability and a lower unrealized loss on the investment portfolio,” said Mark D. Mordell, Chairman and Chief Executive Officer.

“Loan growth in the third quarter was impacted by a slight decrease in the amount of new originations along with an elevated level of loan payoffs and paydowns on lines of credit. We are optimistic regarding both our loan and deposit pipelines as we enter the fourth quarter,” added Mr. Mordell.

Income Statement

Net income totaled \$5.8 million for the third quarter of 2024, an increase of \$2.4 million from the second quarter of 2024, and an increase of \$438,000 from the third quarter of 2023. A \$3.0 million decrease in the provision for credit losses was a primary contributor to the increase compared to the second quarter of 2024.

Taxable equivalent net interest income⁽¹⁾ totaled \$18.6 million for the third quarter of 2024, an increase of \$88,000 from the second quarter of 2024, and an increase of \$1.1 million, or 6%, from the third quarter of 2023. The taxable equivalent net interest margin was 3.35% in the third quarter of 2024, a decrease of 4 basis points compared to the second quarter of 2024, and a decrease of 1 basis point compared to the third quarter of 2023. The decrease in taxable equivalent 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.

(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 yield on loans in the third quarter of 2024 was 7.38%, an increase of 1 basis point from the second quarter of 2024 and an increase of 64 basis points from the third 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 third quarter of 2024 was 3.22%, an increase of 13 basis points from the second quarter of 2024 and an increase of 70 basis points from the third quarter of 2023. The cost of interest-bearing deposits in the third quarter of 2024 was 4.16% compared to 4.11% in the second quarter of 2024 and 3.66% in the third quarter of 2023.

The provision for credit losses was \$0 in the third quarter of 2024, compared to \$3.0 million in the second quarter of 2024 and \$120,000 in the third quarter of 2023. The provision was higher in the second quarter of 2024 primarily due to the addition of a \$2.3 million nonaccrual loan.

Noninterest income was \$1.8 million in the third quarter of 2024 compared to \$1.1 million in the second quarter of 2024 and \$1.1 million in the third quarter of 2023. The increase in other income was primarily driven by \$475,000 in proceeds received from a settlement related to a previously sold foreclosed property.

Noninterest expense totaled \$12.1 million for the third quarter of 2024, an increase of \$339,000 compared to the second quarter of 2024 and an increase of \$1.2 million from the third quarter of 2023. The increase from the second quarter was primarily due to a higher personnel expense. There were 146 full-time equivalent employees on September 30, 2024, compared to 144 on June 30, 2024.

Balance Sheet

Total assets were \$2.30 billion as of September 30, 2024, compared to \$2.29 billion as of June 30, 2024, and \$2.20 billion at September 30, 2023. Cash and cash equivalents were \$136.5 million on September 30, 2024, compared to \$111.7 million on June 30, 2024, and \$80.0 million on September 30, 2023.

Period end loans on September 30, 2024, totaled \$1.79 billion, a decrease of \$19.9 million, or 4% annualized, from June 30, 2024, and an increase of \$116.8 million, or 7%, from September 30, 2023. The reduction in loans during the third quarter of 2024 included a decrease of \$15.2 million in commercial loans and a decrease of \$16.2 million in owner occupied commercial real estate loans, partially offset by an increase of \$10.4 million and \$10.1 million in construction and residential loans, respectively. Quarterly average loans for the third quarter of 2024 decreased \$9.3 million, or 1%, from the second quarter of 2024 and increased \$164.0 million, or 10%, from the third quarter of 2023.

The allowance for credit losses on loans was \$22.3 million on September 30, 2024, representing a decrease of \$95,000 from June 30, 2024. The allowance for credit losses on loans to total loans was 1.25% on September 30, 2024, compared to 1.24% on June 30, 2024. Nonperforming loans to total loans was 0.20% on September 30, 2024 and June 30, 2024.

Investment securities were \$316.7 million as of September 30, 2024, compared to \$308.7 million on June 30, 2024, and \$345.5 million at September 30, 2023.

Period end deposits were \$1.90 billion on September 30, 2024, an increase of \$163.0 million, or 38% annualized, from June 30, 2024. The change in deposits during the third quarter of 2024 included a \$186 million increase in interest-bearing checking, offset by a \$24.2 million decrease in time deposits and a \$22.7 million decrease in brokered deposits. Quarterly average deposits for the third quarter of 2024 were \$1.81 billion, an increase of \$48.6 million from the second quarter of 2024, and an increase of \$123.6 million from the third quarter of 2023.

Short-term borrowings on September 30, 2024, totaled \$160.0 million, a decrease of \$170.0 million, or 52%, compared to June 30, 2024. The short-term borrowings on September 30, 2024 included \$70.0 million in borrowings from the Bank Term Funding Program (BTFP).

Book value per share was \$23.95 on September 30, 2024, an increase of \$2.18 compared to \$21.77 on June 30, 2024. Total shareholders' equity was \$188.5 million on September 30, 2024, an increase of \$17.1 million compared to June 30, 2024. This included an increase in retained earnings of \$5.8 million and a decrease in accumulated other comprehensive loss of \$10.5 million compared to June 30, 2024.

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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.

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		Nine months ended September 30,	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	2024	2023
INCOME HIGHLIGHTS							
Net income	\$ 5,846	\$ 3,466	\$ 5,246	\$ 303	\$ 5,408	\$ 14,558	\$ 16,498
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⁾	\$ 5,846	\$ 3,466	\$ 5,246	\$ 4,902	\$ 5,408	\$ 14,558	\$ 17,093
PER SHARE DATA							
Basic earnings per share	\$ 0.79	\$ 0.47	\$ 0.71	\$ 0.04	\$ 0.74	\$ 1.96	\$ 2.26
Diluted earnings per share	0.77	0.46	0.69	0.04	0.72	1.92	2.21
Diluted earnings per share - adjusted ⁽¹⁾	0.77	0.46	0.69	0.65	0.72	1.92	2.29
Book value per share	23.95	21.77	21.41	21.27	18.83	23.95	18.83
PERFORMANCE MEASURES							
Return on average assets ⁽²⁾	1.02%	0.62%	0.95%	0.05%	0.99%	0.86%	1.02%
Return on average assets - adjusted ⁽¹⁾⁽²⁾	1.02%	0.62%	0.95%	0.89%	0.99%	0.86%	1.05%
Return on average equity ⁽²⁾	12.97%	8.35%	12.64%	0.81%	14.01%	11.37%	14.66%
Net interest margin	3.35%	3.39%	3.54%	3.49%	3.36%	3.42%	3.55%
Efficiency ratio	59.29%	59.92%	61.62%	83.68%	58.75%	60.27%	56.64%
Average loans to average deposits	99.90%	103.19%	101.85%	99.41%	97.49%	101.62%	94.51%
CAPITAL							
Tier 1 leverage ratio	9.93%	9.64%	9.88%	9.77%	9.84%	9.93%	9.84%
Common equity tier 1 capital ratio	10.75%	10.08%	10.03%	9.88%	9.95%	10.75%	9.95%
Tier 1 risk-based capital ratio	10.75%	10.08%	10.03%	9.88%	9.95%	10.75%	9.95%
Total risk-based capital ratio	12.92%	12.17%	12.01%	11.86%	11.89%	12.92%	11.89%
Tangible common equity ratio	8.21%	7.50%	7.40%	7.41%	6.61%	8.21%	6.61%
SHARES OUTSTANDING							
Number of common shares outstanding	7,871,818	7,876,082	7,803,900	7,770,439	7,731,404	7,871,818	7,731,404
Average common shares outstanding - basic	7,434,726	7,426,949	7,386,639	7,344,693	7,327,197	7,416,173	7,315,920
Average common shares outstanding - diluted	7,622,428	7,578,613	7,551,406	7,543,616	7,511,373	7,584,349	7,472,158
ASSET QUALITY							
Allowance for credit losses to total loans	1.37%	1.36%	1.21%	1.22%	1.19%	1.37%	1.19%
Nonperforming assets to total assets	0.16%	0.16%	0.06%	0.06%	0.70%	0.16%	0.70%
Nonperforming loans to total loans	0.20%	0.20%	0.08%	0.08%	0.08%	0.20%	0.08%
Net charge-offs to average loans ⁽²⁾	0.02%	0.00%	0.00%	0.00%	0.00%	0.01%	0.01%
AVERAGE BALANCES							
Loans, net of deferred loan fees	\$1,804,107	\$1,813,422	\$1,756,770	\$1,698,690	\$1,640,080	\$1,791,479	\$1,595,197
Investment securities	311,450	307,294	319,440	337,808	365,244	312,723	397,037
Total assets	2,272,623	2,265,583	2,222,778	2,191,198	2,168,443	2,253,729	2,168,162
Deposits	1,805,935	1,757,320	1,724,845	1,708,789	1,682,329	1,762,857	1,687,940
Shareholders' equity	179,260	166,874	166,907	148,723	153,099	171,043	150,491

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

(2) Annualized

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AVIDBANK HOLDINGS, INC.
Consolidated Balance Sheets (Unaudited)
(in thousands)

	<u>September 30,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Assets					
Cash and due from banks	\$ 15,172	\$ 13,750	\$ 9,971	\$ 9,546	\$ 20,456
Due from Federal Reserve Bank and interest-bearing deposits in banks	121,361	97,974	80,208	71,850	59,586
Total cash and cash equivalents	<u>136,533</u>	<u>111,724</u>	<u>90,179</u>	<u>81,396</u>	<u>80,042</u>
Investment securities - available for sale	316,741	308,661	314,793	325,320	345,547
Total investment securities	<u>316,741</u>	<u>308,661</u>	<u>314,793</u>	<u>325,320</u>	<u>345,547</u>
Loans, net of deferred loan fees	1,786,756	1,806,607	1,783,024	1,740,647	1,669,914
Allowance for credit losses on loans	(22,315)	(22,410)	(19,342)	(19,131)	(17,800)
Loans, net of allowance for credit losses on loans	<u>1,764,441</u>	<u>1,784,197</u>	<u>1,763,682</u>	<u>1,721,516</u>	<u>1,652,114</u>
Bank owned life insurance	12,580	12,490	12,401	12,315	33,440
Premises and equipment, net	2,549	2,810	3,061	3,297	3,558
Other real estate owned	-	-	-	-	14,095
Accrued interest receivable and other assets	62,625	67,139	72,395	86,992	73,104
Total assets	<u>\$ 2,295,469</u>	<u>\$ 2,287,021</u>	<u>\$ 2,256,511</u>	<u>\$ 2,230,836</u>	<u>\$ 2,201,900</u>
Liabilities and Shareholders' Equity					
Deposits:					
Non-interest-bearing demand	\$ 405,528	\$ 405,644	\$ 477,728	\$ 472,517	\$ 490,289
Interest-bearing checking	1,026,898	840,839	764,766	740,902	784,757
Money market and savings	336,166	312,162	319,692	298,117	322,983
Time	75,033	99,239	56,140	46,676	30,880
Brokered	57,903	80,608	139,532	96,117	79,291
Total deposits	<u>1,901,528</u>	<u>1,738,492</u>	<u>1,757,858</u>	<u>1,654,329</u>	<u>1,708,200</u>
Subordinated debt, net	21,982	21,957	21,931	21,906	21,881
Short-term borrowings	160,000	330,000	290,000	360,000	300,000
Accrued interest payable and other liabilities	23,438	25,123	19,638	29,289	26,250
Total liabilities	<u>2,106,948</u>	<u>2,115,572</u>	<u>2,089,427</u>	<u>2,065,524</u>	<u>2,056,331</u>
Shareholders' Equity					
Common stock	106,169	105,487	104,771	104,499	104,018
Retained earnings	124,246	118,400	114,934	109,688	109,386
Accumulated other comprehensive (loss)	(41,894)	(52,438)	(52,621)	(48,875)	(67,835)
Total shareholders' equity	<u>188,521</u>	<u>171,449</u>	<u>167,084</u>	<u>165,312</u>	<u>145,569</u>
Total liabilities and shareholders' equity	<u>\$ 2,295,469</u>	<u>\$ 2,287,021</u>	<u>\$ 2,256,511</u>	<u>\$ 2,230,836</u>	<u>\$ 2,201,900</u>

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AVIDBANK HOLDINGS, INC.
Consolidated Statements of Income (Unaudited)
(in thousands, except share and per share amounts)

	Three months ended				Nine months ended		
	Sept. 30, 2024	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	2024	2023
Interest and fees on loans	\$ 33,488	\$ 33,255	\$ 31,828	\$ 31,078	\$ 29,125	\$ 98,570	\$ 81,416
Interest on investment securities	1,767	1,801	1,824	1,979	2,009	5,392	6,679
Federal Home Loan Bank dividends ⁽¹⁾	183	193	190	172	171	567	519
Other interest income	1,198	951	819	654	662	2,968	2,486
Total interest income	36,636	36,200	34,661	33,883	31,967	107,497	91,100
Deposit interest expense	14,602	13,494	12,034	11,692	10,704	40,130	24,722
Interest on short-term borrowings	3,121	3,880	3,442	3,467	3,480	10,443	10,342
Interest on long-term debt	300	300	300	300	300	901	901
Total interest expense	18,023	17,674	15,776	15,459	14,484	51,474	35,965
Net interest income	18,613	18,526	18,885	18,424	17,483	56,023	55,135
Provision for credit losses	–	2,998	319	1,266	120	3,317	1,776
Net interest income after provision for credit losses	18,613	15,528	18,566	17,158	17,363	52,706	53,359
Service charges and bank fees	675	658	618	613	560	1,951	1,597
Foreign exchange income	246	208	251	210	53	706	201
Income from bank owned life insurance	90	137	187	201	238	415	693
Gain/(loss) on sale of securities	–	–	–	(5,399)	–	–	(815)
Warrant and success fee income	–	–	–	15	8	–	8
Other investment income	240	59	155	(116)	142	454	173
Loss on sale of ORE	–	–	–	(165)	–	–	–
Other income	539	36	72	19	62	644	112
Total noninterest income	1,790	1,098	1,283	(4,622)	1,063	4,170	1,969
Salaries and benefit expenses	8,336	7,980	8,794	8,137	7,460	25,111	22,435
Occupancy and equipment expenses	1,033	1,039	1,028	986	1,002	3,099	2,967
Data processing	638	597	564	499	538	1,799	1,542
Regulatory assessments	528	568	446	403	478	1,542	1,260
Legal and professional fees	534	541	611	531	483	1,686	1,308
Other operating expenses	1,028	1,033	984	994	935	3,043	2,829
Total noninterest expense	12,097	11,758	12,427	11,550	10,896	36,280	32,341
Income before income taxes	8,306	4,868	7,422	986	7,530	20,596	22,987
Provision for income taxes	2,460	1,402	2,176	683	2,122	6,038	6,489
Net income	\$ 5,846	\$ 3,466	\$ 5,246	\$ 303	\$ 5,408	\$ 14,558	\$ 16,498
Basic earnings per common share	\$ 0.79	\$ 0.47	\$ 0.71	\$ 0.04	\$ 0.74	\$ 1.96	\$ 2.26
Diluted earnings per common share	0.77	0.46	0.69	0.04	0.72	1.92	2.21
Weighted average shares - basic	7,434,726	7,426,949	7,386,639	7,344,693	7,327,197	7,416,173	7,315,920
Weighted average shares - diluted	7,622,428	7,578,613	7,551,406	7,543,616	7,511,373	7,584,349	7,472,158

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

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

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

	Three months ended					
	September 30, 2024			June 30, 2024		
	Average Balance	Interest Income/ Expense	Yields or Rates ⁽⁶⁾	Average Balance	Interest Income/ Expense	Yields or Rates ⁽⁶⁾
Assets						
Interest earning assets:						
Loans ⁽¹⁾	\$ 1,805,430	\$ 33,488	7.38%	\$ 1,814,803	\$ 33,255	7.37%
Fed funds sold/interest bearing deposits	87,228	1,198	5.46%	70,491	951	5.43%
Investment securities						
Taxable investment securities	309,624	1,745	2.24%	305,492	1,778	2.34%
Non-taxable investment securities ⁽²⁾	1,826	28	6.10%	1,802	28	6.25%
Total investment securities	311,450	1,773	2.26%	307,294	1,806	2.36%
FHLB stock ⁽³⁾	8,409	183	8.66%	8,409	193	9.23%
Total interest-earning assets	2,212,517	36,642	6.59%	2,200,997	36,205	6.62%
Noninterest-earning assets:						
Cash and due from banks	12,943			12,188		
All other assets ⁽⁴⁾	47,163			52,398		
Total assets	\$ 2,272,623			\$ 2,265,583		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Deposits						
Demand	\$ 903,542	\$ 9,801	4.32%	\$ 783,048	\$ 8,031	4.12%
Money market and savings	348,125	3,067	3.50%	304,392	2,598	3.43%
Time	75,972	810	4.24%	97,430	1,035	4.27%
Brokered	69,670	924	5.28%	135,952	1,830	5.41%
Total interest-bearing deposits	1,397,309	14,602	4.16%	1,320,822	13,494	4.11%
Short-term borrowings	237,370	3,121	5.23%	295,220	3,880	5.29%
Subordinated debt	21,970	300	5.44%	21,944	300	5.50%
Total interest-bearing liabilities	1,656,649	18,023	4.33%	1,637,986	17,674	4.34%
Noninterest-bearing liabilities:						
Demand deposits	408,626			436,498		
Accrued expenses and other liabilities	28,088			24,225		
Shareholders' equity	179,260			166,874		
Total liabilities and shareholders' equity	\$ 2,272,623			\$ 2,265,583		
Net interest spread			2.26%			2.28%
Net interest income and margin ⁽⁵⁾		\$ 18,619	3.35%		\$ 18,531	3.39%
Non-taxable equivalent net interest margin			3.35%			3.39%
Cost of deposits	\$ 1,805,935	\$ 14,602	3.22%	\$ 1,757,320	\$ 13,494	3.09%

(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 \$383 thousand and \$409 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 \$22.4 million and \$19.8 million, respectively, is included as a contra asset.

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

(6) Annualized

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

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

	Three months ended					
	September 30, 2024			September 30, 2023		
	Average Balance	Interest Income/Expense	Yields or Rates ⁽⁶⁾	Average Balance	Interest Income/Expense	Yields or Rates ⁽⁶⁾
Assets						
Interest earning assets:						
Loans ⁽¹⁾	\$ 1,805,430	\$ 33,488	7.38%	\$ 1,641,475	\$ 29,125	7.04%
Fed funds sold/interest bearing deposits	87,228	1,198	5.46%	48,350	662	5.36%
Investment securities						
Taxable investment securities	309,624	1,745	2.24%	365,244	2,009	2.18%
Non-taxable investment securities ⁽²⁾	1,826	28	6.10%	—	—	0.00%
Total investment securities	311,450	1,773	2.26%	365,244	2,009	2.18%
FHLB stock ⁽³⁾	8,409	183	8.66%	8,409	171	8.07%
Total interest-earning assets	2,212,517	36,642	6.59%	2,063,478	31,967	6.15%
Noninterest-earning assets:						
Cash and due from banks	12,943			22,556		
All other assets ⁽⁴⁾	47,163			82,409		
Total assets	\$ 2,272,623			\$ 2,168,443		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Deposits						
Demand	\$ 903,542	\$ 9,801	4.32%	\$ 748,016	\$ 7,306	3.88%
Money market and savings	348,125	3,067	3.50%	296,865	2,193	2.93%
Time	75,972	810	4.24%	41,455	264	2.53%
Brokered	69,670	924	5.28%	75,420	941	4.95%
Total interest-bearing deposits	1,397,309	14,602	4.16%	1,161,756	10,704	3.66%
Short-term borrowings	237,370	3,121	5.23%	285,326	3,480	4.84%
Subordinated debt	21,970	300	5.44%	21,867	300	5.44%
Total interest-bearing liabilities	1,656,649	18,023	4.33%	1,468,949	14,484	3.91%
Noninterest-bearing liabilities:						
Demand deposits	408,626			520,573		
Accrued expenses and other liabilities	28,088			25,822		
Shareholders' equity	179,260			153,099		
Total liabilities and shareholders' equity	\$ 2,272,623			\$ 2,168,443		
Net interest spread			2.26%			2.24%
Net interest income and margin ⁽⁵⁾		\$ 18,619	3.35%		\$ 17,483	3.36%
Non-taxable equivalent net interest margin			3.35%			3.36%
Cost of deposits	\$ 1,805,935	\$ 14,602	3.22%	\$ 1,682,329	\$ 10,704	2.52%

(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 \$383 thousand and \$441 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 \$22.4 million and \$17.6 million, respectively, is included as a contra asset.

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

(6) Annualized

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

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

	Nine months ended					
	September 30, 2024			September 30, 2023		
	Average Balance	Interest Income/Expense	Yields or Rates ⁽⁶⁾	Average Balance	Interest Income/Expense	Yields or Rates ⁽⁶⁾
Assets						
Interest earning assets:						
Loans ⁽¹⁾	\$ 1,792,857	\$ 98,570	7.34%	\$ 1,596,660	\$ 81,416	6.82%
Fed funds sold/interest bearing deposits	72,424	2,968	5.47%	65,855	2,486	4.98%
Investment securities						
Taxable investment securities	310,891	5,325	2.29%	387,315	6,415	2.21%
Non-taxable investment securities ⁽²⁾	1,832	84	6.12%	9,722	334	4.59%
Total investment securities	312,723	5,409	2.31%	397,037	6,749	2.27%
FHLB stock ⁽³⁾	8,409	567	9.01%	8,129	519	8.53%
Total interest-earning assets	2,186,413	107,514	6.57%	2,067,681	91,170	5.89%
Noninterest-earning assets:						
Cash and due from banks	12,723			23,019		
All other assets ⁽⁴⁾	54,593			77,462		
Total assets	\$ 2,253,729			\$ 2,168,162		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Deposits						
Demand	\$ 811,505	\$ 25,272	4.16%	\$ 442,948	\$ 11,899	3.59%
Money market and savings	318,811	7,935	3.32%	513,961	10,008	2.60%
Time	76,725	2,400	4.18%	51,889	684	1.76%
Brokered	113,199	4,523	5.34%	57,534	2,131	4.95%
Total interest-bearing deposits	1,320,240	40,130	4.06%	1,066,332	24,722	3.10%
Short-term borrowings	271,427	10,443	5.14%	282,980	10,342	4.89%
Subordinated debt	21,944	901	5.48%	21,842	901	5.52%
Total interest-bearing liabilities	1,613,611	51,474	4.26%	1,371,154	35,965	3.51%
Noninterest-bearing liabilities:						
Demand deposits	442,617			621,608		
Accrued expenses and other liabilities	26,458			24,909		
Shareholders' equity	171,043			150,491		
Total liabilities and shareholders' equity	\$ 2,253,729			\$ 2,168,162		
Net interest spread			2.31%			2.38%
Net interest income and margin ⁽⁵⁾		\$ 56,040	3.42%		\$ 55,205	3.57%
Non-taxable equivalent net interest margin			3.42%			3.57%
Cost of deposits	\$ 1,762,857	\$ 40,130	3.04%	\$ 1,687,940	\$ 24,722	1.96%

(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 \$1.2 million and \$1.3 million, 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 \$20.5 million and \$16.9 million, respectively, is included as a contra asset.

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

(6) Annualized

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

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

	Sept. 30, 2024	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	Current Quarter Change	Year over Year Change
Commercial loans	\$ 759,492	\$ 774,666	\$ 736,068	\$ 716,075	\$ 687,501	\$ (15,174)	\$ 71,991
Commercial real estate							
Multi-family	199,929	202,292	203,170	200,152	189,336	(2,363)	10,593
Owner Occupied	141,139	157,376	158,759	158,728	157,143	(16,237)	(16,004)
Non-Owner Occupied	406,007	412,473	408,758	411,446	403,952	(6,466)	2,055
Construction and land	253,325	242,966	259,562	237,124	214,474	10,359	38,851
Residential	25,799	15,717	16,187	16,816	17,311	10,082	8,488
Total real estate loans	1,026,199	1,030,824	1,046,436	1,024,266	982,216	(4,625)	43,983
Other loans	1,065	1,117	520	306	197	(52)	868
Total loans	<u>\$1,786,756</u>	<u>\$1,806,607</u>	<u>\$1,783,024</u>	<u>\$1,740,647</u>	<u>\$1,669,914</u>	<u>\$ (19,851)</u>	<u>\$ 116,842</u>
<u>Allowance for Credit Losses on Loans</u>							
Balance, beginning of quarter	\$ 22,410	\$ 19,342	\$ 19,131	\$ 17,800	\$ 17,636		
Provision for credit losses on loans	-	3,068	211	1,331	164		
Charge-offs	(95)	-	-	-	-		
Recoveries	-	-	-	-	-		
Balance, end of quarter	<u>\$ 22,315</u>	<u>\$ 22,410</u>	<u>\$ 19,342</u>	<u>\$ 19,131</u>	<u>\$ 17,800</u>		
<u>Allowance for Credit Losses on Unfunded Commitments</u>							
Balance, beginning of quarter	\$ 2,098	\$ 2,168	\$ 2,060	\$ 2,125	\$ 2,169		
Provision for unfunded commitments	-	(70)	108	(65)	(44)		
Balance, end of quarter	<u>\$ 2,098</u>	<u>\$ 2,098</u>	<u>\$ 2,168</u>	<u>\$ 2,060</u>	<u>\$ 2,125</u>		
Total allowance for credit losses - loans and unfunded commitments	<u>\$ 24,413</u>	<u>\$ 24,508</u>	<u>\$ 21,510</u>	<u>\$ 21,191</u>	<u>\$ 19,925</u>		
Provision for credit losses under CECL							
Provision for credit losses on loans	\$ -	\$ 3,068	\$ 211	\$ 1,331	\$ 164		
Provision for unfunded commitments	-	(70)	108	(65)	(44)		
Total provision for credit losses	<u>\$ -</u>	<u>\$ 2,998</u>	<u>\$ 319</u>	<u>\$ 1,266</u>	<u>\$ 120</u>		
<u>Nonperforming Assets</u>							
Loans accounted for on a non-accrual basis	\$ 3,621	\$ 3,686	\$ 1,370	\$ 1,378	\$ 1,385		
Loans past due 90 days or more and still accruing	-	-	-	-	-		
Nonperforming loans	3,621	3,686	1,370	1,378	1,385		
Other real estate owned	-	-	-	-	14,095		
Nonperforming assets	<u>\$ 3,621</u>	<u>\$ 3,686</u>	<u>\$ 1,370</u>	<u>\$ 1,378</u>	<u>\$ 15,480</u>		
<u>Nonperforming Loans by Type:</u>							
Commercial	\$ 3,621	\$ 3,686	\$ 1,370	\$ 1,378	\$ 1,385		
Construction and land	-	-	-	-	-		
Total Nonperforming loans	<u>\$ 3,621</u>	<u>\$ 3,686</u>	<u>\$ 1,370</u>	<u>\$ 1,378</u>	<u>\$ 1,385</u>		
<u>Asset Quality Ratios</u>							
Allowance for credit losses on loans to total loans	1.25%	1.24%	1.08%	1.10%	1.07%		
Allowance for credit losses to total loans	1.37%	1.36%	1.21%	1.22%	1.19%		
Allowance for credit losses on loans to nonperforming loans	616.27%	607.98%	1411.82%	1388.32%	1285.20%		
Nonperforming assets to total assets	0.16%	0.16%	0.06%	0.06%	0.70%		
Nonperforming loans to total loans	0.20%	0.20%	0.08%	0.08%	0.08%		
Net quarterly charge-offs to average loans ⁽¹⁾	0.02%	0.00%	0.00%	0.00%	0.00%		
Criticized and classified loans to total loans	2.13%	2.00%	1.78%	1.72%	1.70%		

(1) Annualized

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

AVIDBANK HOLDINGS, INC.

Deposits (Unaudited)

(dollars in thousands)

<u>Period End Deposits</u>	<u>Sept. 30, 2024</u>	<u>June 30, 2024</u>	<u>March 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Sept. 30, 2023</u>	<u>Current Quarter Change</u>	<u>Year over Year Change</u>
Non-interest-bearing demand	\$ 405,528	\$ 405,644	\$ 477,728	\$ 472,517	\$ 490,289	\$ (116)	\$ (84,761)
Interest-bearing checking	1,026,898	840,839	764,766	740,902	784,757	186,059	242,141
Money market and savings	336,166	312,162	319,692	298,117	322,983	24,003	13,183
Time	75,033	99,239	56,140	46,676	30,880	(24,205)	44,153
Brokered	57,903	80,608	139,532	96,117	79,291	(22,705)	(21,388)
Total deposits	<u>\$ 1,901,528</u>	<u>\$ 1,738,492</u>	<u>\$ 1,757,858</u>	<u>\$ 1,654,329</u>	<u>\$ 1,708,200</u>	<u>\$ 163,036</u>	<u>\$ 193,328</u>
Average Deposits							
Non-interest-bearing demand	\$ 408,626	\$ 436,498	\$ 483,100	\$ 487,301	\$ 520,573	\$ (27,872)	\$ (111,947)
Interest-bearing checking	903,542	783,048	746,916	766,856	748,016	120,494	155,526
Money market and savings	348,125	304,392	303,593	305,240	296,865	43,733	51,260
Time	75,972	97,430	56,783	29,787	41,455	(21,458)	34,517
Brokered	69,670	135,952	134,453	119,605	75,420	(66,282)	(5,750)
Total deposits	<u>\$ 1,805,935</u>	<u>\$ 1,757,320</u>	<u>\$ 1,724,845</u>	<u>\$ 1,708,789</u>	<u>\$ 1,682,329</u>	<u>\$ 48,615</u>	<u>\$ 123,606</u>

Avidbank Holdings, Inc. Third 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 nine months ended	
	Third	Second	First	Fourth	Third	September 30,	
	Quarter	Quarter	Quarter	Quarter	Quarter	2024	2023
Non-GAAP adjusted net income reconciliation							
Net income - GAAP	\$ 5,846	\$ 3,466	\$ 5,246	\$ 303	\$ 5,408	\$ 14,558	\$ 16,498
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>\$ 5,846</u>	<u>\$ 3,466</u>	<u>\$ 5,246</u>	<u>\$ 4,902</u>	<u>\$ 5,408</u>	<u>\$ 14,558</u>	<u>\$ 17,093</u>
Non-GAAP adjusted net income reconciliation							
Net income - GAAP	\$ 5,846	\$ 3,466	\$ 5,246	\$ 303	\$ 5,408	\$ 14,558	\$ 16,498
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>\$ 5,846</u>	<u>\$ 3,466</u>	<u>\$ 5,246</u>	<u>\$ 4,902</u>	<u>\$ 5,408</u>	<u>\$ 14,558</u>	<u>\$ 17,093</u>
Non-GAAP adjusted diluted earnings per share reconciliation							
Diluted earnings per share - GAAP	\$ 0.77	\$ 0.46	\$ 0.69	\$ 0.04	\$ 0.72	\$ 1.92	\$ 2.21
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>\$ 0.77</u>	<u>\$ 0.46</u>	<u>\$ 0.69</u>	<u>\$ 0.65</u>	<u>\$ 0.72</u>	<u>\$ 1.92</u>	<u>\$ 2.29</u>
Non-GAAP adjusted return on average assets reconciliation							
Net income - GAAP	\$ 5,846	\$ 3,466	\$ 5,246	\$ 303	\$ 5,408	\$ 14,558	\$ 16,498
Average total assets	2,272,623	2,265,583	2,222,778	2,191,198	2,168,443	2,253,729	2,168,162
Return on average assets - GAAP	<u>1.02%</u>	<u>0.62%</u>	<u>0.95%</u>	<u>0.05%</u>	<u>0.99%</u>	<u>0.86%</u>	<u>1.02%</u>
Adjusted net income (non-GAAP)	\$ 5,846	\$ 3,466	\$ 5,246	\$ 4,902	\$ 5,408	\$ 14,558	\$ 17,093
Average total assets	2,272,623	2,265,583	2,222,778	2,191,198	2,168,443	2,253,729	2,168,162
Return on average assets - adjusted (non-GAAP)	<u>1.02%</u>	<u>0.62%</u>	<u>0.95%</u>	<u>0.89%</u>	<u>0.99%</u>	<u>0.86%</u>	<u>1.05%</u>
Non-GAAP taxable equivalent net interest income reconciliation							
Net interest income - GAAP	\$ 18,613	\$ 18,526	\$ 18,885	\$ 18,424	\$ 17,483	\$ 56,023	\$ 55,135
Taxable equivalent adjustment	6	5	6	2	-	17	70
Net interest income - taxable equivalent (non-GAAP)	<u>\$ 18,619</u>	<u>\$ 18,531</u>	<u>\$ 18,891</u>	<u>\$ 18,426</u>	<u>\$ 17,483</u>	<u>\$ 56,040</u>	<u>\$ 55,205</u>
Non-GAAP taxable equivalent net interest margin reconciliation							
Net interest margin - GAAP	3.35%	3.39%	3.54%	3.49%	3.36%	3.42%	3.57%
Impact of taxable equivalent adjustment	-	-	-	-	-	-	-
Net interest margin - taxable equivalent (non-GAAP)	<u>3.35%</u>	<u>3.39%</u>	<u>3.54%</u>	<u>3.49%</u>	<u>3.36%</u>	<u>3.42%</u>	<u>3.57%</u>
Non-GAAP total deposits, excluding brokered deposits							
Total period end deposits - GAAP	\$1,901,528	\$1,738,492	\$1,757,858	\$1,654,329	\$1,708,200	\$1,901,528	\$1,708,200
Brokered deposits	57,903	80,608	139,532	96,117	79,291	57,903	79,291
Total deposits, excluding brokered (non-GAAP)	<u>\$1,843,625</u>	<u>\$1,657,884</u>	<u>\$1,618,326</u>	<u>\$1,558,212</u>	<u>\$1,628,909</u>	<u>\$1,843,625</u>	<u>\$1,628,909</u>
Non-GAAP pre-tax, pre-provision net income							
Net income - GAAP	\$ 5,846	\$ 3,466	\$ 5,246	\$ 303	\$ 5,408	\$ 14,558	\$ 16,498
Provision for credit losses	-	2,998	319	1,266	120	3,317	1,776
Provision for income taxes	2,460	1,402	2,176	683	2,122	6,038	6,489
Non-GAAP pre-tax, pre-provision net income	<u>\$ 8,306</u>	<u>\$ 7,866</u>	<u>\$ 7,741</u>	<u>\$ 2,252</u>	<u>\$ 7,650</u>	<u>\$ 23,913</u>	<u>\$ 24,763</u>