

FOR IMMEDIATE RELEASE

**PRESS RELEASE**

**Avidbank Holdings, Inc. Announces Net Income of \$6.4 Million for the First Quarter of 2023**

SAN JOSE, CA (Accesswire) – 04/25/23 – Avidbank Holdings, Inc. (OTC Pink: AVBH) announced net income for the first quarter of 2023 of \$6.4 million, or \$0.85 per diluted share, compared to \$8.4 million, or \$1.13 per diluted share, for the fourth quarter of 2022 and \$4.3 million, or \$0.71 per diluted share, for the first quarter of 2022. Operating net income,<sup>(1)</sup> excluding the loss on sale of securities, totaled \$7.0 million, or \$0.93 per diluted share for the first quarter of 2023.

First Quarter 2023 Financial Highlights

- Book value per share of \$19.57 on March 31, 2023, compared to \$17.99 on December 31, 2022 and \$19.20 on March 31, 2022.
- Return on average assets was 1.19%, compared to 1.61% in the fourth quarter of 2022 and 0.83% in the first quarter of 2022.
- Taxable equivalent net interest margin<sup>(1)</sup> was 3.92% in the first quarter of 2023, compared to 4.41% in the fourth quarter of 2022 and 3.05% in the first quarter of 2022.
- Annualized net charge-offs to average loans totaled 0.00% for the first quarter of 2023, the fourth quarter of 2022 and the first quarter of 2022.

Liquidity Update

- Total deposits were \$1.62 billion on March 31, 2023, a decrease of \$205 million, or 11%, compared to December 31, 2022. This included a \$198 million, or 26%, net decrease in Venture Lending deposits. Excluding our Venture Lending division, deposits decreased \$7 million, or 1%, from December 31, 2022.
- Uninsured deposits represented 59% of total deposits on March 31, 2023 compared to 85% on December 31, 2022. This decrease in uninsured deposits included an increase in ICS reciprocal deposits of \$308 million.
- We took proactive steps to improve liquidity, including pledging investment securities to the Federal Reserve Bank Term Funding Program, increasing borrowing capacity to the Federal Reserve Discount Window, and issuing \$53 million in brokered CDs. Our net available borrowing capacity totaled approximately \$1.1 billion as of April 21, 2023.
- We sold a total of \$57 million securities for an \$815,000 loss in late March to reduce our reliance on borrowings and to improve profitability. This included the sale of \$25 million in available for sale mortgage-backed securities and the sale of all \$32 million in held to maturity municipal securities.

“While the banking industry has begun to adjust to additional turmoil due to the failure of Silicon Valley Bank (“SVB”), we are proud of the relationships we have with our clients and our ability to adapt and meet their needs. The impact of this quarter’s deposit activity on our cost of funds no doubt slowed the expansion of our profitability. That being said, I am very pleased with the resilience of our balance sheet and our ability to continue to operate with sufficient liquidity and borrowing capacity, if needed,” said Mark Mordell, Chairman and Chief Executive Officer.

“The Venture Banking space has received a lot of negative press and it is our opinion that the failure of SVB was not due to the Venture Banking business model, but more about prudent balance sheet and risk management. The Venture Banking business is an important line of business for Avidbank, but it is only one of our five verticals. We remain fully committed to that space, have a strong pipeline of new activity and believe recent events have and will continue to open doors to new growth opportunities. As we always have, we continue to remain focused on liquidity, credit quality and profitability,” added Mr. Mordell.

Income Statement

Taxable equivalent net interest income<sup>(1)</sup> totaled \$19.9 million for the first quarter of 2023, a decrease of \$1.9 million, or 9%,

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

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from the fourth quarter of 2022, and an increase of \$4.7 million, or 31%, from the first quarter of 2022. The taxable equivalent net interest margin was 3.92% in the first quarter of 2023, a decrease of 49 basis points compared to the fourth quarter of 2022, and an increase of 87 basis points compared to the first quarter of 2022. The decrease in taxable equivalent net interest income and net interest margin compared to the prior quarter was primarily driven by an increase in high-cost short term borrowings replacing lower-cost deposits and an overall increase in deposit costs. In addition, the downgrade of a \$14.1 million construction loan represented approximately \$515,000 in reversed and lost interest income during the first quarter of 2023, or a 10 basis point reduction in the taxable equivalent net interest margin. The increase in taxable equivalent net interest income and net interest margin compared to the same period one year ago was primarily driven by higher interest rates and average loan balances.

The yield on loans in the first quarter of 2023 was 6.67%, an increase of 34 basis points from the fourth quarter of 2022 and an increase of 194 basis points from the first quarter of 2022. The previously mentioned downgrade of a \$14.1 million construction loan represented a decrease of 13 basis points in the loan yield during the first quarter of 2023. The overall increase in loan yields compared to prior periods was primarily due to increases in the Prime rate.

The cost of deposits in the first quarter of 2023 was 1.39%, an increase of 49 basis points from the fourth quarter of 2022 and an increase of 126 basis points from the first quarter of 2022. The cost of interest-bearing deposits in the first quarter of 2023 was 2.38% compared to 1.59% in the fourth quarter of 2022 and 0.26% in the first quarter of 2022.

The provision for credit losses was \$185,000 in the first quarter of 2023, compared to \$993,000 in the fourth quarter of 2022 and no provision in the first quarter of 2022. The provision decreased in the current quarter primarily due to loan growth of \$10.3 million in the first quarter of 2023, compared to \$162 million in the fourth quarter of 2022. The provision for credit losses in the first quarter of 2023 included a \$157,000 provision for loan losses and a \$28,000 provision for unfunded commitments.

Non-interest income was \$168,000 in the first quarter of 2023 compared to \$1.3 million in the fourth quarter of 2022 and \$1.1 million in the first quarter of 2022. The first quarter of 2023 included a loss on sale of securities of \$815,000 related to the sale of \$57 million in investment securities. The fourth quarter of 2022 included \$119,000 in warrant and success fee income, \$521,000 in other investment income and a loss of \$404,000 on the sale of investment securities.

Non-interest expense totaled \$11.0 million in the first quarter of 2023, an increase of \$583,000 compared to the fourth quarter of 2022. This linked quarter increase included a \$362,000 increase in salaries and benefits expense, primarily due to a seasonal increase in benefits costs. There were 142 full-time equivalent employees on March 31, 2023 and December 31, 2022.

**Balance Sheet**

Total assets were \$2.17 billion as of March 31, 2023, compared to \$2.13 billion on December 31, 2022 and \$2.11 billion at March 31, 2022. Cash and cash equivalents were \$134 million on March 31, 2023, compared to \$47 million on December 30, 2022, and \$367 million on March 31, 2022.

Period end loans on March 31, 2023, totaled \$1.56 billion, which represented an increase of \$10 million from December 31, 2022, and an increase of \$363 million, or 30%, from \$1.20 billion at March 31, 2022. The growth in loans during the first quarter of 2023 included an increase of \$64 million in commercial real estate loans, partially offset by a decrease of \$57 million in commercial loans. Quarterly average loans for the first quarter of 2023 increased \$105 million, or 7%, from the fourth quarter of 2022 and \$342 million, or 28%, from the first quarter of 2022.

Commercial real estate ("CRE") loans, particularly office loans in urban markets, have received increased scrutiny recently. Our non-owner occupied commercial real estate portfolio is broadly diversified by property type with office loans totaling 9% of the total loan portfolio and an average loan size of \$2.9 million as of March 31, 2023. Our office loans are all located in the Bay Area with nine loans in San Francisco totaling \$24.1 million, for an average size of \$2.7 million.

On January 1, 2023, we adopted the Current Expected Credit Loss ("CECL") accounting standard, which resulted in a day one reduction of \$249,000 to the allowance for credit losses on loans offset by an increase of \$1.6 million to the allowance for credit losses on unfunded commitments. The allowance for credit losses on loans totaled \$16.5 million as of December

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31, 2022, was reduced by \$249,000 due to CECL adoption, was increased by \$157,000 related to the first quarter 2023 provision and ended the quarter at \$16.4 million. The allowance for credit losses on unfunded commitments totaled \$449,000 at December 31, 2022, was increased by \$1.6 million due to CECL adoption, was increased by \$28,000 related to the first quarter 2023 provision and ended the quarter at \$2.0 million.

The allowance for credit losses on loans to total loans was 1.05% on March 31, 2023, compared to 1.06% on December 31, 2022. The decrease reflects the impact of the economic forecast used in the estimation of expected credit losses. Nonperforming loans to total loans was 0.91% on March 31, 2023 compared to 0.92% on December 31, 2022.

Investment securities were \$386.9 million as of March 31, 2023, compared to \$444.7 million on December 31, 2022 and \$468.9 million at March 31, 2022. In the first quarter of 2023, we sold \$57 million of securities for a loss of \$815,000. This included the sale of \$25 million in available for sale mortgage-backed securities and the sale of all \$32 million in held to maturity municipal securities.

Period end deposits were \$1.62 billion on March 31, 2023, a decrease of \$205 million, or 11%, from December 31, 2022. This included a \$198 million decrease, or 26%, in Venture Lending deposits. Deposits in our Venture Lending division totaled \$557 million at March 31, 2023 and included \$248 million in reciprocal deposits.

Short term borrowings on March 31, 2023 totaled \$359 million and included \$265 million in FHLB borrowings and \$94 million in borrowings from the Bank Term Funding Program.

Book value per share was \$19.57 on March 31, 2023, an increase of \$1.58 compared to \$17.99 on December 31, 2022. Total shareholders' equity totaled \$150.7 million on March 31, 2023, an increase of \$13.2 million compared to December 31, 2022. This included an increase in retained earnings of \$5.4 million and a decrease in accumulated other comprehensive loss of \$7.4 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.*

**Forward-Looking Statement:**

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 non-performing 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 effects of the Tax Cuts and Jobs Act; 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

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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. First Quarter 2023 Financial Results Press Release

### AVIDBANK HOLDINGS, INC.

#### Selected Financial Data (Unaudited)

(in thousands, except share and per share amounts)

	2023	2022			
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
<b>INCOME HIGHLIGHTS</b>					
Net income	\$ 6,364	\$ 8,415	\$ 7,045	\$ 5,214	\$ 4,349
Loss on sale of securities, net of tax	595	295	–	–	–
Operating net income <sup>(1)</sup>	\$ 6,959	\$ 8,710	\$ 7,045	\$ 5,214	\$ 4,349
<b>PER SHARE DATA</b>					
Basic earnings per share	\$ 0.87	\$ 1.16	\$ 0.97	\$ 0.78	\$ 0.73
Diluted earnings per share	0.85	1.13	0.95	0.76	0.71
Diluted earnings per share - operating <sup>(1)</sup>	0.93	1.17	0.95	0.76	0.71
Book value per share	19.57	17.99	16.58	18.27	19.20
<b>PERFORMANCE MEASURES</b>					
Return on average assets	1.19%	1.61%	1.38%	1.02%	0.83%
Return on average equity	17.87%	25.48%	19.36%	16.18%	12.72%
Taxable equivalent net interest margin	3.92%	4.41%	4.07%	3.62%	3.05%
Efficiency ratio	55.21%	45.42%	48.00%	53.43%	63.72%
Average loans to average deposits	88.70%	76.98%	74.61%	66.88%	62.31%
<b>CAPITAL</b>					
Tier 1 leverage ratio	9.33%	9.46%	9.22%	8.72%	6.85%
Common equity tier 1 capital ratio	10.14%	9.82%	10.24%	10.17%	9.09%
Tier 1 risk-based capital ratio	10.14%	9.82%	10.24%	10.17%	9.09%
Total risk-based capital ratio	12.16%	11.76%	12.31%	12.25%	11.28%
Tangible common equity ratio	6.95%	6.45%	6.38%	6.90%	5.75%
<b>SHARES OUTSTANDING</b>					
Number of common shares outstanding	7,703,748	7,645,428	7,629,767	7,585,924	6,316,573
Average common shares outstanding - basic	7,299,006	7,281,343	7,274,617	6,687,448	5,935,948
Average common shares outstanding - diluted	7,452,254	7,432,670	7,410,062	6,821,245	6,116,306
<b>ASSET QUALITY</b>					
Allowance for credit losses on loans to total loans	1.05%	1.06%	1.11%	1.09%	1.08%
Nonperforming assets to total assets	0.66%	0.67%	0.01%	0.01%	0.15%
Nonperforming loans to total loans	0.91%	0.92%	0.01%	0.01%	0.27%
Net charge-offs to average loans <sup>(2)</sup>	0.00%	0.00%	0.01%	0.00%	0.00%
<b>AVERAGE BALANCES</b>					
Loans, net of deferred loan fees	\$ 1,555,207	\$ 1,450,014	\$ 1,357,090	\$ 1,261,255	\$ 1,213,353
Investment securities	443,870	459,057	505,849	487,535	436,427
Total assets	2,164,441	2,072,887	2,028,320	2,060,297	2,131,587
Deposits	1,753,295	1,883,640	1,819,008	1,888,494	1,947,208
Shareholders' equity	144,402	131,046	144,402	129,235	138,668

(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)

	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
<b>Assets</b>					
Cash and due from banks	\$ 19,452	\$ 17,435	\$ 23,766	\$ 50,907	\$ 47,091
Due from Federal Reserve Bank and fed funds sold	114,615	29,853	13,476	35,913	320,336
Total cash and cash equivalents	134,067	47,288	37,242	86,820	367,427
Investment securities - available for sale	386,947	412,993	436,535	477,646	468,917
Investment securities - held to maturity	-	31,671	31,704	30,180	-
Total investment securities	386,947	444,664	468,239	507,826	468,917
Loans, net of deferred loan fees	1,564,501	1,554,222	1,392,546	1,336,786	1,201,934
Allowance for loan losses	(16,389)	(16,481)	(15,488)	(14,646)	(13,054)
Loans, net of allowance for loan losses	1,548,112	1,537,741	1,377,058	1,322,140	1,188,880
Bank owned life insurance	32,972	32,747	32,522	32,303	32,087
Premises and equipment, net	4,037	4,163	4,318	4,314	4,331
Accrued interest receivable and other assets	63,916	66,665	64,443	56,853	48,449
<b>Total assets</b>	<b>\$ 2,170,051</b>	<b>\$ 2,133,268</b>	<b>\$ 1,983,822</b>	<b>\$ 2,010,256</b>	<b>\$ 2,110,091</b>
<b>Liabilities and Shareholders' Equity</b>					
Deposits:					
Non-interest-bearing demand	\$ 605,093	\$ 765,079	\$ 804,383	\$ 838,666	\$ 952,035
Interest bearing checking	27,150	41,701	46,852	45,179	47,711
Money market and savings	871,357	948,731	890,836	848,748	812,701
Time	61,645	67,724	72,301	96,159	134,831
Brokered	52,823	-	-	-	-
Total deposits	1,618,068	1,823,235	1,814,372	1,828,752	1,947,278
Subordinated debt, net	21,830	21,805	21,779	21,754	21,729
Federal Home Loan Bank and other short-term borrowings	359,000	130,000	-	-	-
Accrued interest payable and other liabilities	20,414	20,690	21,188	21,139	19,802
<b>Total liabilities</b>	<b>2,019,312</b>	<b>1,995,730</b>	<b>1,857,339</b>	<b>1,871,645</b>	<b>1,988,809</b>
<b>Shareholders' Equity</b>					
Common stock	102,718	102,359	101,679	101,244	72,920
Retained earnings	99,252	93,824	85,409	78,364	73,149
Accumulated other comprehensive (loss)	(51,231)	(58,645)	(60,605)	(40,997)	(24,787)
<b>Total shareholders' equity</b>	<b>150,739</b>	<b>137,538</b>	<b>126,483</b>	<b>138,611</b>	<b>121,282</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,170,051</b>	<b>\$ 2,133,268</b>	<b>\$ 1,983,822</b>	<b>\$ 2,010,256</b>	<b>\$ 2,110,091</b>

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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, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Interest and fees on loans	\$ 25,577	\$ 23,160	\$ 18,853	\$ 15,639	\$ 14,163
Interest on investment securities	2,612	2,751	2,794	2,477	1,855
Other interest income	628	526	307	356	153
<b>Total interest income</b>	<b>28,817</b>	<b>26,437</b>	<b>21,954</b>	<b>18,472</b>	<b>16,171</b>
Deposit interest expense	6,030	4,269	1,948	657	640
Interest on fed funds purchased and short-term borrowings	2,673	114	126	-	-
Interest on long-term debt	300	300	300	300	300
<b>Total interest expense</b>	<b>9,003</b>	<b>4,683</b>	<b>2,374</b>	<b>957</b>	<b>940</b>
<b>Net interest income</b>	<b>19,814</b>	<b>21,754</b>	<b>19,580</b>	<b>17,515</b>	<b>15,231</b>
Provision for credit losses	185	993	925	1,592	-
<b>Net interest income after provision for credit losses</b>	<b>19,629</b>	<b>20,761</b>	<b>18,655</b>	<b>15,923</b>	<b>15,231</b>
Service charges and bank fees	573	660	725	761	725
Federal Home Loan Bank dividends	163	118	91	81	78
Income from bank owned life insurance	225	224	219	215	212
Gain/(loss) on sale of securities	(815)	(404)	-	-	-
Warrant and success fee income	-	119	12	65	86
Other investment income	(6)	521	(1)	90	(6)
Other income	28	17	30	15	18
<b>Total non-interest income</b>	<b>168</b>	<b>1,255</b>	<b>1,076</b>	<b>1,227</b>	<b>1,113</b>
Salaries and benefit expenses	7,954	7,592	7,069	7,129	7,312
Occupancy and equipment expenses	961	911	946	901	894
Data processing	528	456	447	423	411
Regulatory assessments	226	221	421	509	664
Legal and professional fees	431	364	269	192	195
Other operating expenses	933	906	761	859	939
<b>Total non-interest expense</b>	<b>11,033</b>	<b>10,450</b>	<b>9,913</b>	<b>10,013</b>	<b>10,415</b>
<b>Income before income taxes</b>	<b>8,764</b>	<b>11,566</b>	<b>9,818</b>	<b>7,137</b>	<b>5,929</b>
Provision for income taxes	2,400	3,151	2,772	1,923	1,580
<b>Net income</b>	<b>\$ 6,364</b>	<b>\$ 8,415</b>	<b>\$ 7,046</b>	<b>\$ 5,214</b>	<b>\$ 4,349</b>
Basic earnings per common share	\$0.87	\$1.16	\$0.97	\$0.78	\$0.73
Diluted earnings per common share	\$0.85	\$1.13	\$0.95	\$0.76	\$0.71
Weighted average shares - basic	7,299,006	7,281,343	7,274,617	6,687,448	5,935,948
Weighted average shares - diluted	7,452,254	7,432,670	7,410,062	6,821,245	6,116,306

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**AVIDBANK HOLDINGS, INC.**

**Average Balance Sheets and Net Interest Margin Analysis (Unaudited)**

(dollars in thousands; taxable equivalent)

	Three months ended					
	March 31, 2023			December 31, 2022		
	Average Balance	Interest Income/Expense	Yields or Rates	Average Balance	Interest Income/Expense	Yields or Rates
<b>Assets</b>						
Interest earning assets:						
Loans (1)	\$ 1,555,207	\$ 25,577	6.67%	\$ 1,451,724	\$ 23,160	6.33%
Fed funds sold/interest bearing deposits	56,303	628	4.52%	52,321	526	3.99%
Investment securities						
Taxable investment securities	414,380	2,348	2.30%	428,520	2,481	2.30%
Non-taxable investment securities (2)	29,490	334	4.59%	30,537	345	4.48%
Total investment securities	443,870	2,682	2.45%	459,057	2,826	2.44%
<b>Total interest-earning assets</b>	<b>2,055,380</b>	<b>28,887</b>	<b>5.70%</b>	<b>1,963,102</b>	<b>26,512</b>	<b>5.36%</b>
Noninterest-earning assets:						
Cash and due from banks	22,992			25,494		
All other assets (3)	86,069			84,291		
<b>Total assets</b>	<b>\$ 2,164,441</b>			<b>\$ 2,072,887</b>		
<b>Liabilities and Shareholders' Equity</b>						
Interest-bearing liabilities:						
Deposits						
Demand	\$ 30,101	\$ 56	0.75%	\$ 44,344	\$ 60	0.54%
Money market and savings	919,292	5,593	2.47%	953,665	4,027	1.68%
Time	65,830	223	1.37%	70,409	182	1.03%
Brokered	13,178	158	4.86%	–	–	0.00%
<b>Total interest-bearing deposits</b>	<b>1,028,401</b>	<b>6,030</b>	<b>2.38%</b>	<b>1,068,418</b>	<b>4,269</b>	<b>1.59%</b>
FHLB and other short-term borrowings	219,550	2,673	4.94%	11,772	114	3.84%
Subordinated debt	21,816	300	5.58%	21,792	300	5.46%
<b>Total interest-bearing liabilities</b>	<b>1,269,767</b>	<b>9,003</b>	<b>2.88%</b>	<b>1,101,982</b>	<b>4,683</b>	<b>1.69%</b>
Noninterest-bearing liabilities:						
Demand deposits	724,894			815,222		
Accrued expenses and other liabilities	25,378			24,637		
Shareholders' equity	144,402			131,046		
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,164,441</b>			<b>\$ 2,072,887</b>		
Net interest spread			2.82%			3.67%
Net interest income and margin (4)		<u>\$ 19,884</u>	3.92%		<u>\$ 21,829</u>	4.41%
Non-taxable equivalent net interest margin			3.91%			4.40%
Cost of deposits	1,753,295	6,030	1.39%	1,883,640	4,269	0.90%

(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 \$530 thousand and \$556 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) Average allowance for loan losses of \$16.2 million and \$15.6 million, respectively, is included as a contra asset.

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



**Avidbank Holdings, Inc. First Quarter 2023 Financial Results Press Release**

**AVIDBANK HOLDINGS, INC.**

**Average Balance Sheets and Net Interest Margin Analysis**

**Selected Financial Information (Unaudited)**

(\$000) (Unaudited)

	Three months ended					
	March 31, 2023			March 31, 2022		
	Average Balance	Interest Income/Expense	Yields or Rates	Average Balance	Interest Income/Expense	Yields or Rates
<b>Assets</b>						
Interest earning assets:						
Loans (1)	\$ 1,555,207	\$ 25,577	6.67%	\$ 1,215,153	\$ 14,163	4.73%
Fed funds sold/interest bearing deposits	56,303	628	4.52%	374,648	153	0.17%
Investment securities						
Taxable investment securities	414,380	2,348	2.30%	436,427	1,855	1.72%
Non-taxable investment securities (2)	29,490	334	4.59%	–	–	0.00%
Total investment securities	443,870	2,682	2.45%	436,427	1,855	1.72%
<b>Total interest-earning assets</b>	<b>2,055,380</b>	<b>28,887</b>	<b>5.70%</b>	<b>2,026,228</b>	<b>16,171</b>	<b>3.24%</b>
Noninterest-earning assets:						
Cash and due from banks	22,992			42,282		
All other assets (3)	86,069			63,077		
<b>Total assets</b>	<b>\$ 2,164,441</b>			<b>\$ 2,131,587</b>		
<b>Liabilities and Shareholders' Equity</b>						
Interest-bearing liabilities:						
Deposits						
Demand	\$ 30,101	\$ 56	0.75%	\$ 49,199	\$ 15	0.12%
Money market and savings	919,292	5,593	2.47%	812,289	422	0.21%
Time	65,830	223	1.37%	120,886	203	0.68%
Brokered	13,178	158	4.86%	–	–	–
<b>Total interest-bearing deposits</b>	<b>1,028,401</b>	<b>6,030</b>	<b>2.38%</b>	<b>982,374</b>	<b>640</b>	<b>0.26%</b>
FHLB and other short-term borrowings	219,550	2,673	4.94%	–	–	0.00%
Subordinated debt	21,816	300	5.58%	21,714	300	5.60%
<b>Total interest-bearing liabilities</b>	<b>1,269,767</b>	<b>9,003</b>	<b>2.88%</b>	<b>1,004,088</b>	<b>940</b>	<b>0.38%</b>
Noninterest-bearing liabilities:						
Demand deposits	724,894			964,834		
Accrued expenses and other liabilities	25,378			23,997		
Shareholders' equity	144,402			138,668		
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,164,441</b>			<b>\$ 2,131,587</b>		
Net interest spread			2.82%			2.86%
Net interest income and margin (4)		\$ 19,884	3.92%		\$ 15,231	3.05%
Non-taxable equivalent net interest margin			3.91%			3.05%
Cost of deposits	1,753,295	6,030	1.39%	1,947,208	640	0.13%

(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 \$530 thousand and \$628 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) Average allowance for loan losses of \$16.2 million and \$13.1 million, respectively, is included as a contra asset.

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

## Avidbank Holdings, Inc. First Quarter 2023 Financial Results Press Release

### AVIDBANK HOLDINGS, INC. Loans and Credit Data (Unaudited)

(dollars in thousands)

	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	March 31, 2022	Current Quarter Change	Year over Year Change
Commercial loans	\$ 642,826	\$ 700,022	\$ 566,105	\$ 558,908	\$ 481,522	\$ (57,196)	\$ 161,304
Commercial real estate							
Multi-family	188,411	169,048	159,384	165,818	141,954	19,363	46,457
Owner Occupied	137,118	128,790	120,951	97,275	98,660	8,328	38,458
Non-Owner Occupied	350,730	314,284	299,176	291,167	269,207	36,446	81,523
Construction and land	233,162	227,869	234,157	209,941	195,388	5,293	37,774
Residential	11,969	13,394	11,991	12,830	13,726	(1,425)	(1,757)
Total real estate loans	921,390	853,385	825,659	777,031	718,935	68,005	202,455
Other loans	285	815	782	847	1,477	(530)	(1,192)
Total loans	<u>\$1,564,501</u>	<u>\$1,554,222</u>	<u>\$1,392,546</u>	<u>\$1,336,786</u>	<u>\$1,201,934</u>	<u>\$ 10,279</u>	<u>\$ 362,567</u>

#### Allowance for Credit Losses on Loans

Balance, beginning of quarter	\$ 16,481	\$ 15,488	\$ 14,646	\$ 13,054	\$ 13,054		
Adoption of ASU 2016-13	(249)	–	–	–	–		
Provision for loan losses	157	993	925	1,592	–		
Charge-offs	–	–	(83)	–	–		
Recoveries	–	–	–	–	–		
Balance, end of quarter	<u>\$ 16,389</u>	<u>\$ 16,481</u>	<u>\$ 15,488</u>	<u>\$ 14,646</u>	<u>\$ 13,054</u>		

#### Allowance for Credit Losses on

##### Unfunded Commitments

Balance, beginning of quarter	\$ 449	\$ 422	\$ 422	\$ 392	\$ 392		
Adoption of ASU 2016-13	1,568	–	–	–	–		
Provision for unfunded commitments	28	27	–	30	–		
Balance, end of quarter	<u>\$ 2,045</u>	<u>\$ 449</u>	<u>\$ 422</u>	<u>\$ 422</u>	<u>\$ 392</u>		
Total allowance for credit losses - loans and unfunded commitments	<u>\$ 18,434</u>	<u>\$ 16,930</u>	<u>\$ 15,910</u>	<u>\$ 15,068</u>	<u>\$ 13,446</u>		
Provision for credit losses under CECL							
Provision for loan losses	\$ 157	\$ 993	\$ 925	\$ 1,592	\$ –		
Provision for unfunded commitments <sup>(1)</sup>	28	–	–	–	–		
Total provision for credit losses	<u>\$ 185</u>	<u>\$ 993</u>	<u>\$ 925</u>	<u>\$ 1,592</u>	<u>\$ –</u>		

#### Nonperforming Assets

Loans accounted for on a non-accrual basis	\$ 14,240	\$ 14,245	\$ 154	\$ 159	\$ 3,204		
Loans past due 90 days or more and still accruing	–	–	–	–	–		
Nonperforming loans	14,240	14,245	154	159	3,204		
Other real estate owned	–	–	–	–	–		
Nonperforming assets	<u>\$ 14,240</u>	<u>\$ 14,245</u>	<u>\$ 154</u>	<u>\$ 159</u>	<u>\$ 3,204</u>		

#### Nonperforming Loans by Type:

Commercial	\$ 145	\$ 150	\$ 154	\$ 159	\$ 441		
Commercial real estate loans	–	–	–	–	2,763		
Construction and land	14,095	14,095	–	–	–		
Total Nonperforming loans	<u>\$ 14,240</u>	<u>\$ 14,245</u>	<u>\$ 154</u>	<u>\$ 159</u>	<u>\$ 3,204</u>		

#### Asset Quality Ratios

Allowance credit losses on loans to total loans	1.05%	1.06%	1.11%	1.09%	1.08%		
Allowance for credit losses on loans and unfunded commitments to total loans	1.18%	1.09%	1.14%	1.13%	1.12%		
Allowance for credit losses on loans to nonperforming loans	115.09%	115.70%	10057.14%	9211.32%	407.43%		
Nonperforming assets to total assets	0.66%	0.67%	0.01%	0.01%	0.15%		
Nonperforming loans to total loans	0.91%	0.92%	0.01%	0.01%	0.27%		
Net quarterly charge-offs to average loans <sup>(2)</sup>	0.00%	0.00%	0.01%	0.00%	0.00%		

(1) Prior to the adoption of ASU 2016-13, the provision for unfunded commitments was included in other expense and totaled \$27 thousand, \$0, \$30 thousand, and \$0 for the fourth, third, second and first quarters of 2022, respectively.

(2) Annualized

**Avidbank Holdings, Inc. First Quarter 2023 Financial Results Press Release**

**AVIDBANK HOLDINGS, INC.**

**Deposits (Unaudited)**

(dollars in thousands)

<b>Period End Deposits</b>	<b>March 31, 2023</b>	<b>Dec. 31, 2022</b>	<b>Sept. 30, 2022</b>	<b>June 31, 2022</b>	<b>March 31, 2022</b>	<b>Current Quarter Change</b>	<b>Year over Year Change</b>
Non-interest-bearing demand	\$ 605,093	\$ 765,079	\$ 804,383	\$ 838,666	\$ 952,035	\$ (159,986)	\$ (346,942)
Interest bearing checking	27,150	41,701	46,852	45,179	47,711	(14,551)	(20,561)
Money market and savings	871,357	948,731	890,836	848,748	812,701	(77,374)	58,656
Time	61,645	67,724	72,301	96,159	134,831	(6,079)	(73,186)
Brokered	52,823	–	–	–	–	52,823	52,823
<b>Total deposits</b>	<b>\$1,618,068</b>	<b>\$1,823,235</b>	<b>\$1,814,372</b>	<b>\$1,828,752</b>	<b>\$1,947,278</b>	<b>\$ (205,167)</b>	<b>\$ (329,210)</b>
<b>Average Deposits</b>	<b>March 31, 2023</b>	<b>Dec. 31, 2022</b>	<b>Sept. 30, 2022</b>	<b>June 30, 2022</b>	<b>March 31, 2022</b>	<b>Current Quarter Change</b>	<b>Year over Year Change</b>
Non-interest-bearing demand	\$ 724,894	\$ 815,222	\$ 820,047	\$ 885,271	\$ 964,834	\$ (90,328)	\$ (239,940)
Interest bearing checking	30,101	44,344	46,145	46,242	49,199	(14,243)	(19,098)
Money market and savings	919,292	953,665	867,113	835,058	812,289	(34,373)	107,003
Time	65,830	70,409	85,703	121,923	120,886	(4,579)	(55,056)
Brokered	13,178	–	–	–	–	13,178	13,178
<b>Total deposits</b>	<b>\$1,753,295</b>	<b>\$1,883,640</b>	<b>\$1,819,008</b>	<b>\$1,888,494</b>	<b>\$1,947,208</b>	<b>\$ (130,345)</b>	<b>\$ (193,913)</b>

**Avidbank Holdings, Inc. First Quarter 2023 Financial Results Press Release**
**AVIDBANK HOLDINGS, INC.**
**Non-GAAP performance and Financial Measures Reconciliation (Unaudited)**
*(in thousands, except share and per share amounts)*

	2023	2022			
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
<b>Operating net income reconciliation</b>					
Net income - GAAP	\$ 6,364	\$ 8,415	\$ 7,045	\$ 5,214	\$ 4,349
Loss on sale of securities, net of income tax	595	295	-	-	-
Operating net income	\$ 6,959	\$ 8,710	\$ 7,045	\$ 5,214	\$ 4,349
<b>Operating diluted earnings per share reconciliation</b>					
Diluted earnings per share - GAAP	\$ 0.85	\$ 1.13	\$ 0.95	\$ 0.76	\$ 0.71
Loss on sale of securities, net of income tax	0.08	0.04	-	-	-
Diluted earnings per share - operating	\$ 0.93	\$ 1.17	\$ 0.95	\$ 0.76	\$ 0.71
<b>Venture lending deposits reconciliation</b>					
Total deposits	\$1,618,068	\$1,823,235	\$1,814,372	\$1,828,752	\$1,947,278
Venture lending deposits	557,479	754,997	800,930	778,953	766,338
Total deposits excluding venture lending	\$1,060,589	\$1,068,238	\$1,013,442	\$1,049,799	\$1,180,940
<b>Taxable equivalent net interest income reconciliation</b>					
Net interest income - GAAP	\$ 19,814	\$ 21,754	\$ 19,580	\$ 17,515	\$ 15,231
Taxable equivalent adjustment	70	75	69	26	-
Net interest income - taxable equivalent	\$ 19,884	\$ 21,829	\$ 19,649	\$ 17,541	\$ 15,231
<b>Taxable equivalent net interest margin reconciliation</b>					
Net interest margin - GAAP	3.91%	4.40%	4.05%	3.62%	3.05%
Impact of taxable equivalent adjustment	0.01	0.01	0.02	-	-
Net interest margin - taxable equivalent	3.92%	4.41%	4.07%	3.62%	3.05%