

FOR IMMEDIATE RELEASE

PRESS RELEASE

Avidbank Holdings, Inc. Announces Net Income for the First Quarter of 2022

SAN JOSE, CA (Accesswire) – 4/20/22 – Avidbank Holdings, Inc. (OTC Pink: AVBH) announced income for the first quarter of 2022 of \$4.3 million, or \$0.71 per diluted share, compared to \$2.5 million, or \$0.42 per diluted share, for the first and fourth quarters of 2021.

First Quarter 2022 Financial Highlights

- Diluted earnings per share of \$0.71, an increase of \$0.29, or 69%, compared to the first quarter of 2021 and an increase of \$0.29, or 276% annualized, compared to the fourth quarter of 2021.
- Total assets were \$2.1 billion, compared to \$1.5 billion on March 31, 2021 and \$2.2 billion at December 31, 2021.
- Return on average assets totaled 0.83% and return on average equity was 12.72% in the first quarter of 2022.
- Quarterly average earning assets increased \$621 million, or 44%, compared to the first quarter of 2021 and \$69 million, or 14% annualized, compared to the fourth quarter of 2021.
- Net interest income totaled \$15.2 million, an increase of \$3.3 million, or 28%, compared to the first quarter of 2021 and increased \$919,000, or 26% annualized, compared to the fourth quarter of 2021.
- Annualized net charge-offs to average loans totaled 0.00% for the first quarter of 2022. Non-performing assets to total assets were 0.15% on March 31, 2022, a decrease from 0.22% on March 31, 2021 and unchanged from December 31, 2021.

“We are off to a solid start in 2022 with record earnings of \$0.71 per diluted share,” said Mark Mordell, Chairman and Chief Executive Officer. “Our pipeline for new business has been strong for the past several quarters and although the numbers do not reflect the activity, we originated over \$80 million of new loans in the first quarter, we also had over \$90 million in payoffs primarily due to our Construction and Specialty Finance divisions. We continue to be optimistic about the remainder of 2022 as our pipeline for new business is very encouraging along with the additional benefits we will see from each increase in the fed funds rate,” added Mr. Mordell.

Income Statement

Net interest income totaled \$15.2 million for the first quarter of 2022, an increase of \$3.3 million, or 28%, from the first quarter of 2021, and an increase of \$919,000, or 26% annualized, from the fourth quarter of 2021. This was primarily driven by an increase in interest income from the growth in average balance of loans and investment securities.

The net interest margin was 3.05% in the first quarter of 2022, compared to 3.44% in the first quarter of 2021 and 2.90% in the fourth quarter of 2021. The linked quarter increase in net interest margin was primarily due to the purchase of investment securities and corresponding reduction in excess cash balances.

The yield on loans in the first quarter of 2022 was 4.73%, a decrease of 14 basis points from the first quarter of 2021 and a decrease of 0.06% from the fourth quarter of 2021. The linked quarter decrease was primarily due to a decrease in loan fees.

The cost of deposits in the first quarter of 2022 was 0.13%, a decrease of 7 basis points from the first quarter of 2021 and a decrease of 1 basis point from the fourth quarter of 2021. The cost of interest-bearing deposits in the first quarter of 2022 was 0.26%, a decrease of 5 basis points from the fourth quarter of 2021.

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There was no required loan loss provision for the first quarter of 2022 compared with a \$75,000 loan loss provision taken in the first quarter of 2021 and \$3.3 million for the fourth quarter of 2021.

Non-interest income was \$1.1 million in the first quarter of 2022 compared to \$711,000 in the first quarter of 2021 and \$2.1 million in the fourth quarter of 2021. Service charge income totaled \$636,000 in the first quarter of 2022, an increase of \$166,000, or 35% from the first quarter of 2021, and an increase of \$59,000, or 41% annualized, compared to the fourth quarter of 2021. The fourth quarter of 2021 included a gain on fund investments of \$711,000 and \$455,000 in warrant income.

Non-interest expense totaled \$10.4 million in the first quarter of 2022 compared to \$9.0 million in the first quarter of 2021 and \$9.5 million in the fourth quarter of 2021. This increase was primarily due to higher compensation costs. The number of full-time equivalent employees on March 31, 2022 totaled 130 compared to 126 on December 31, 2021. Regulatory assessments also increased to \$664,000 in the first quarter of 2022 primarily as a result of the strong growth in deposits over the last several quarters.

Balance Sheet

Total assets were \$2.11 billion as of March 31, 2022, compared to \$2.16 billion on December 31, 2021 and \$1.54 billion at March 31, 2021. Cash balances held at the Federal Reserve decreased \$143 million in the first quarter of 2022 while investments increased \$89.0 million due to the purchase of additional mortgage-backed securities.

Period end loans on March 31, 2022 totaled \$1.20 billion, which represented a decrease of \$21.4 million from December 31, 2021, and an increase of \$174.6 million, or 17%, from \$1.03 billion at March 31, 2021. Quarterly average loans for the first quarter of 2022 increased \$205.6 million, or 20%, from the first quarter of 2021 and \$60.9 million, or 21% annualized, from the fourth quarter of 2021.

The allowance for loan losses on March 31, 2022 was \$13.1 million, unchanged from December 31, 2021. The Allowance for Loan Losses to total loans was 1.08% on March 31, 2022, compared to 1.07% on December 31, 2021. Nonperforming loans to total loans was 0.27% on March 31, 2022, unchanged from December 31, 2021.

Period end deposits were \$1.95 billion on March 31, 2022 compared to \$1.98 billion at December 31, 2021 and an increase of \$584 million, or 43%, compared to \$1.36 billion at March 31, 2021. Quarterly average deposits for the first quarter of 2022 increased \$655.4 million, or 51%, compared to the first quarter of 2021 and \$80.5 million, or 17% annualized, from the fourth quarter of 2021.

Noninterest bearing deposits represented 48.9% of total deposits on March 31, 2022, compared to 50.2% on December 31, 2021 and 51.5% at March 31, 2021. The loan to deposit ratio was 62.3% on March 31, 2022 compared to 61.8% at December 31, 2021 and 75.5% at March 31, 2021.

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, 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

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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 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

(\$000, except share and per share amounts)

	2022		2021		
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
INCOME AND PER SHARE HIGHLIGHTS					
Net income	\$ 4,349	\$ 2,534	\$ 3,574	\$ 3,649	\$ 2,507
Basic earnings per share	0.73	0.43	0.60	0.62	0.43
Diluted earnings per share	0.71	0.42	0.59	0.60	0.42
Book value per share	19.20	21.91	21.55	21.26	20.42
PERFORMANCE MEASURES					
Return on average assets	0.83%	0.49%	0.80%	0.94%	0.69%
Return on average equity	12.72%	7.25%	10.45%	11.15%	7.89%
Net interest margin	3.05%	2.90%	2.98%	3.28%	3.44%
Efficiency ratio	63.72%	58.31%	61.91%	62.61%	71.64%
Average loans to average deposits	62.40%	61.83%	64.69%	74.37%	78.15%
CAPITAL					
Tier 1 leverage ratio	6.85%	6.89%	7.81%	8.64%	8.87%
Common equity tier 1 capital ratio	9.09%	8.90%	9.94%	10.57%	10.38%
Tier 1 risk-based capital ratio	9.09%	8.90%	9.94%	10.57%	10.38%
Total risk-based capital ratio	11.28%	11.11%	12.44%	13.30%	13.14%
SHARES OUTSTANDING					
Number of common shares outstanding	6,316,573	6,256,682	6,255,752	6,220,872	6,236,392
Average number of common shares outstanding - basic	5,935,948	5,904,446	5,898,208	5,892,713	5,864,976
Average number of common shares outstanding - diluted	6,116,306	6,101,778	6,072,085	6,051,243	6,020,336
ASSET QUALITY					
Allowance for loan losses (ALLL) to total loans	1.08%	1.07%	1.19%	1.24%	1.22%
ALLL to nonperforming loans	407.43%	402.40%	388.89%	377.59%	373.03%
Nonperforming assets to total assets	0.15%	0.15%	0.18%	0.21%	0.22%
Nonperforming loans to total loans	0.27%	0.27%	0.31%	0.33%	0.33%
Net quarterly charge-offs to total loans	0.00%	0.25%	0.00%	0.00%	0.01%
AVERAGE BALANCES					
Gross loans	\$ 1,215,153	\$ 1,154,254	\$ 1,028,098	\$ 1,023,932	\$ 1,009,580
Investment securities	436,427	287,915	231,526	200,016	167,939
Total assets	2,131,587	2,054,545	1,771,292	1,554,049	1,468,597
Deposits	1,947,208	1,866,704	1,589,384	1,376,736	1,291,767
Shareholder's equity	138,668	138,589	135,721	131,300	128,844
AT PERIOD END					
Gross loans	\$ 1,203,657	\$ 1,225,187	\$ 1,074,436	\$ 1,016,200	\$ 1,028,830
Investment securities	468,917	380,170	276,670	208,482	184,504
Total assets	2,110,091	2,162,478	1,828,021	1,604,273	1,535,683
Deposits	1,947,278	1,979,410	1,647,613	1,427,177	1,363,469
Shareholder's equity	121,282	137,100	134,797	132,231	127,319

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AVIDBANK HOLDINGS, INC.

Consolidated Balance Sheets

(\$000, except share and per share amounts) (Unaudited)

	3/31/22	12/31/21	9/30/21	6/30/21	3/31/21
Assets					
Cash and due from banks	\$ 47,091	\$ 29,616	\$ 34,864	\$ 27,977	\$ 21,870
Due from Federal Reserve Bank	320,336	463,727	378,380	308,596	258,921
Total cash and cash equivalents	367,427	493,343	413,244	336,573	280,791
Investment securities - available for sale	468,917	380,170	276,670	208,482	184,504
Loans, net of deferred loan fees	1,201,934	1,223,344	1,073,132	1,014,750	1,027,336
Allowance for loan losses	(13,054)	(13,054)	(12,775)	(12,558)	(12,558)
Loans, net of allowance for loan losses	1,188,880	1,210,290	1,060,357	1,002,192	1,014,778
Bank owned life insurance	32,087	31,875	31,663	11,559	11,491
Premises and equipment, net	4,331	4,565	4,913	5,138	5,375
Accrued interest receivable & other assets	48,449	42,235	41,174	40,329	38,744
Total assets	<u>\$ 2,110,091</u>	<u>\$ 2,162,478</u>	<u>\$ 1,828,021</u>	<u>\$ 1,604,273</u>	<u>\$ 1,535,683</u>
Liabilities					
Non-interest-bearing demand deposits	\$ 952,035	\$ 993,156	\$ 872,972	\$ 728,522	\$ 702,785
Interest bearing transaction accounts	47,711	50,674	49,722	30,538	27,863
Money market and savings accounts	812,701	845,718	614,992	541,145	499,507
Time deposits	134,831	89,862	109,927	126,972	133,314
Total deposits	1,947,278	1,979,410	1,647,613	1,427,177	1,363,469
Subordinated debt, net	21,729	21,703	21,671	21,636	21,601
Other liabilities	19,802	24,265	23,940	23,229	23,294
Total liabilities	1,988,809	2,025,378	1,693,224	1,472,042	1,408,364
Shareholders' equity					
Common stock/additional paid-in capital	72,920	72,799	72,124	71,542	71,152
Retained earnings	73,150	68,801	66,267	62,693	59,044
Accumulated other comprehensive (loss)	(24,787)	(4,500)	(3,594)	(2,004)	(2,877)
Total shareholders' equity	121,282	137,100	134,797	132,231	127,319
Total liabilities and shareholders' equity	<u>\$ 2,110,091</u>	<u>\$ 2,162,478</u>	<u>\$ 1,828,021</u>	<u>\$ 1,604,273</u>	<u>\$ 1,535,683</u>

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AVIDBANK HOLDINGS, INC.
Consolidated Statements of Income

(\$000, except share and per share amounts) (Unaudited)

	Three months ended		
	March 31, 2022	December 31, 2021	March 31, 2021
Interest and fees on loans	\$ 14,162	\$ 13,927	\$ 12,116
Interest on investment securities	1,855	1,154	699
Other interest income	153	193	48
Total interest income	16,171	15,274	12,863
Deposit interest expense	640	655	642
Other interest expense	300	307	310
Total interest expense	940	962	952
Net interest income	15,231	14,312	11,911
Provision for loan losses	—	3,279	75
Net interest income after provision for loan losses	15,231	11,033	11,836
Service charges and bank fees	725	671	507
Income from bank owned life insurance	212	213	67
Gain/(loss) on sale of assets	—	(113)	—
Warrant income	86	455	22
Other income	90	839	115
Total non-interest income	1,113	2,065	711
Compensation and benefit expenses	7,312	6,920	6,476
Occupancy and equipment expenses	894	924	1,071
Data processing	411	394	422
Regulatory assessments	664	384	279
Professional fees	195	272	152
Other operating expenses	938	655	643
Total non-interest expense	10,415	9,549	9,043
Income before income taxes	5,929	3,549	3,504
Provision for income taxes	1,580	1,015	997
Net income	\$ 4,349	\$ 2,534	\$ 2,507
Basic earnings per common share	\$0.73	\$0.43	\$0.43
Diluted earnings per common share	\$0.71	\$0.42	\$0.42
Average common shares outstanding	5,935,948	5,904,446	5,864,976
Average common fully diluted shares	6,116,306	6,101,778	6,020,336

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AVIDBANK HOLDINGS, INC.
Average Balance Sheets and
Net Interest Margin Analysis
Selected Financial Information
(\$000) (Unaudited)

	Three months ended					
	March 31, 2022			December 31, 2021		
	Average Balance	Yields or Rates	Interest Income/ Expense	Average Balance	Yields or Rates	Interest Income/ Expense
Assets						
Interest earning assets:						
Loans (1)	\$ 1,215,153	4.73%	\$ 14,163	\$ 1,154,254	4.79%	\$ 13,927
Fed funds sold	374,648	0.17%	153	515,430	0.15%	193
Investment securities	436,427	1.72%	1,855	287,915	1.59%	1,154
Total interest-earning assets	2,026,228	3.24%	16,171	1,957,599	3.10%	15,274
Noninterest-earning assets:						
Cash and due from banks	42,282			35,750		
All other assets (2)	63,077			61,196		
Total assets	\$ 2,131,587			\$ 2,054,545		
Liabilities and Shareholder's Equity						
Interest-bearing liabilities:						
Deposits						
Demand	\$ 49,199	0.12%	\$ 15	\$ 50,045	0.16%	\$ 20
Money market and savings	812,289	0.21%	422	715,540	0.26%	465
Time	120,886	0.68%	203	99,550	0.68%	170
Total interest-bearing deposits	982,374	0.26%	640	865,135	0.30%	655
Subordinated debt	21,714	5.60%	300	21,689	5.62%	307
Total interest-bearing liabilities	1,004,088	0.38%	940	886,824	0.43%	962
Noninterest-bearing liabilities:						
Demand deposits	964,834			1,001,568		
Accrued expenses and other liabilities	23,997			27,564		
Shareholder's equity	138,668			138,589		
Total liabilities and shareholder's equity	\$ 2,131,587			\$ 2,054,545		
Net interest income and margin (3)		<u>3.05%</u>	<u>\$ 15,231</u>		<u>2.90%</u>	<u>\$ 14,312</u>

(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 \$628 thousand and \$864 thousand, respectively.

(2) Allowance for loan losses of \$13.1 million for both comparative periods is included as a contra asset.

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

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AVIDBANK HOLDINGS, INC.
Average Balance Sheets and
Net Interest Margin Analysis
Selected Financial Information
(\$000) (Unaudited)

	Three months ended					
	March 31, 2022			March 31, 2021		
	Average Balance	Yields or Rates	Interest Income/ Expense	Average Balance	Yields or Rates	Interest Income/ Expense
Assets						
Interest earning assets:						
Loans (1)	\$ 1,215,153	4.73%	\$ 14,163	\$ 1,009,580	4.87%	\$ 12,116
Fed funds sold	374,648	0.17%	153	227,233	0.09%	48
Investment securities	436,427	1.72%	1,855	167,939	1.69%	699
Total interest-earning assets	2,026,228	3.24%	16,171	1,404,752	3.71%	12,863
Noninterest-earning assets:						
Cash and due from banks	42,282			21,595		
All other assets (2)	63,077			42,250		
Total assets	\$ 2,131,587			\$ 1,468,597		
Liabilities and Shareholder's Equity						
Interest-bearing liabilities:						
Deposits						
Demand	\$ 49,199	0.12%	\$ 15	\$ 25,871	0.20%	\$ 13
Money market and savings	812,289	0.21%	422	445,423	0.32%	354
Time	120,886	0.68%	203	137,680	0.81%	275
Total interest-bearing deposits	982,374	0.26%	640	608,974	0.43%	642
Subordinated debt	21,714	5.60%	300	21,582	5.83%	310
Total interest-bearing liabilities	1,004,088	0.38%	940	630,556	0.61%	952
Noninterest-bearing liabilities:						
Demand deposits	964,834			682,793		
Accrued expenses and other liabilities	23,997			26,404		
Shareholder's equity	138,668			128,844		
Total liabilities and shareholder's equity	\$ 2,131,587			\$ 1,468,597		
Net interest income and margin (3)		<u>3.05%</u>	<u>\$ 15,231</u>		<u>3.44%</u>	<u>\$ 11,911</u>

(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 \$628 thousand and \$561 thousand, respectively.

(2) Allowance for loan losses of \$13.1 million and \$12.6 million, respectively, is included as a contra asset.

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

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AVIDBANK HOLDINGS, INC.

Credit Trends

(\$000) (Unaudited)

	<u>3/31/22</u>	<u>12/31/21</u>	<u>9/30/21</u>	<u>6/30/21</u>	<u>3/31/21</u>
<u>Allowance for Loan Losses</u>					
Balance, beginning of quarter	\$ 13,054	\$ 12,775	\$ 12,558	\$ 12,558	\$ 12,558
Provision for loan losses, quarterly	-	3,279	217	-	75
Charge-offs, quarterly	-	(3,000)	-	-	(75)
Recoveries, quarterly	-	-	-	-	-
Balance, end of quarter	<u>\$ 13,054</u>	<u>\$ 13,054</u>	<u>\$ 12,775</u>	<u>\$ 12,558</u>	<u>\$ 12,558</u>

Nonperforming Assets

Loans accounted for on a non-accrual basis	\$ 3,204	\$ 3,244	\$ 3,285	\$ 3,326	\$ 3,367
Loans with principal or interest contractually past due 90 days or more and still accruing interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nonperforming loans	3,204	3,244	3,285	3,326	3,367
Other real estate owned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nonperforming assets	<u>\$ 3,204</u>	<u>\$ 3,244</u>	<u>\$ 3,285</u>	<u>\$ 3,326</u>	<u>\$ 3,367</u>
Loans restructured and in compliance with modified terms	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nonperforming assets & restructured loans	<u>\$ 3,204</u>	<u>\$ 3,244</u>	<u>\$ 3,285</u>	<u>\$ 3,326</u>	<u>\$ 3,367</u>

Nonperforming Loans by Type:

Commercial	\$ 441	\$ 448	\$ 456	\$ 463	\$ 470
Commercial Real Estate Loans	<u>2,763</u>	<u>2,796</u>	<u>2,829</u>	<u>2,863</u>	<u>2,897</u>
Total Nonperforming loans	<u>\$ 3,204</u>	<u>\$ 3,244</u>	<u>\$ 3,285</u>	<u>\$ 3,326</u>	<u>\$ 3,367</u>

Asset Quality Ratios

Allowance for loan losses (ALLL) to total loans	1.08%	1.07%	1.19%	1.24%	1.22%
ALLL to nonperforming loans	407.43%	402.40%	388.89%	377.59%	373.03%
Nonperforming assets to total assets	0.15%	0.15%	0.18%	0.21%	0.22%
Nonperforming loans to total loans	0.27%	0.27%	0.31%	0.33%	0.33%
Net quarterly charge-offs to total loans	0.00%	0.25%	0.00%	0.00%	0.01%