

FOR IMMEDIATE RELEASE

**PRESS RELEASE**

**Avidbank Holdings, Inc. Announces Net Income of \$4.7 Million for the Second Quarter of 2023**

SAN JOSE, CA (Accesswire) – 07/20/23 – Avidbank Holdings, Inc. (OTC Pink: AVBH) announced net income for the second quarter of 2023 of \$4.7 million, or \$0.63 per diluted share, compared to \$6.4 million, or \$0.85 per diluted share, for the first quarter of 2023 and \$5.2 million, or \$0.76 per diluted share, for the second quarter of 2022.

Second Quarter 2023 Highlights

- Total deposits were \$1.75 billion on June 30, 2023, an increase of \$131 million, or 8%, compared to March 31, 2023. Venture lending accounted for \$49 million of this quarter's deposit growth with the balance from our other four divisions.
- Uninsured deposits represented 40% of total deposits on June 30, 2023, compared to 59% on March 31, 2023, and 85% at December 31, 2022. This decrease in uninsured deposits included a total of \$692 million in ICS reciprocal deposits, an increase of \$384 million since March 31, 2023.
- Loans increased \$86 million, or 6% from March 31, 2023, and \$313 million, or 23% from June 30, 2022.
- Borrowings decreased by \$95 million to \$264 million as of June 30, 2023. Net available borrowing capacity totaled approximately \$1.3 billion as of June 30, 2023.
- In June 2023, we unwound \$125 million in receive-fixed interest rate swaps used to hedge our Prime loan portfolio with an average fixed swap rate of 7.01%. These contracts had an impact to interest income of (\$353,000) and (\$209,000) in the second quarter and first quarter of 2023, respectively.
- Annualized net charge-offs to average loans totaled 0.03% for the second quarter of 2023, compared to 0.00% for the first quarter of 2023.

"We are pleased with the growth in deposits and improved liquidity position this quarter. Since May 1<sup>st</sup>, deposits have increased \$195 million generated from all five of our banking divisions. In the second quarter, we also decreased uninsured deposits to 40% of total deposits, reduced borrowings by \$95 million, and lowered our loan-to-deposit ratio to 94%. These accomplishments are due to the efforts of our Avidbank team capitalizing on their exceptional relationships doing what is necessary in the midst of this challenging banking environment," said Mark Mordell, Chairman and Chief Executive Officer.

"Credit quality remains solid with stable trends in the loan portfolio. Nonperforming loans total \$15.5 million and include the \$14.1 million construction loan that was downgraded in December 2022. The borrower filed for bankruptcy in March, and we are working towards a positive outcome in the third or fourth quarter," added Mr. Mordell.

Income Statement

Taxable equivalent net interest income<sup>(1)</sup> totaled \$17.5 million for the second quarter of 2023, a decrease of \$2.4 million, or 12%, from the first quarter of 2023, and remained flat from the second quarter of 2022. The taxable equivalent net interest margin was 3.39% in the second quarter of 2023, a decrease of 53 basis points compared to the first quarter of 2023, and a decrease of 23 basis points compared to the second 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 overall increase in deposit costs. The decrease in taxable equivalent net interest margin compared to the same period one year ago was primarily driven by an increase in high-cost short-term borrowings replacing lower-cost deposits, interest bearing deposits replacing no-cost demand deposits, and an overall increase in deposit costs, partially offset by an increase in loan yields and average loan balances.

(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 second quarter of 2023 was 6.74%, an increase of 7 basis points from the first quarter of 2023 and an increase of 177 basis points from the second quarter of 2022. 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 second quarter of 2023 was 1.97%, an increase of 58 basis points from the first quarter of 2023 and an increase of 183 basis points from the second quarter of 2022. The cost of interest-bearing deposits in the second quarter of 2023 was 3.18% compared to 2.38% in the first quarter of 2023 and 0.26% in the second quarter of 2022.

The provision for credit losses was \$1.5 million in the second quarter of 2023, compared to \$185,000 in the first quarter of 2023 and \$1.6 million in the second quarter of 2022. The provision increased in the current quarter primarily due to loan growth of \$85.8 million in the second quarter of 2023, compared to \$10.3 million in the first quarter of 2023. The provision for credit losses in the second quarter of 2023 included a \$1.3 million provision for loan losses and a \$124,000 provision for unfunded commitments.

Non-interest income was \$1.1 million in the second quarter of 2023 compared to \$168,000 in the first quarter of 2023 and \$1.2 million in the second 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 second quarter of 2022 included \$65,000 in warrant and success fee income.

Non-interest expense totaled \$10.4 million in the second quarter of 2023, a decrease of \$621,000 compared to the first quarter of 2023. This linked quarter decrease included a \$933,000 decrease in salaries and benefits expense, primarily due to a reduction in incentive compensation expense. There were 145 full-time equivalent employees on June 30, 2023, compared to 142 on March 31, 2023.

**Balance Sheet**

Total assets were \$2.21 billion as of June 30, 2023, compared to \$2.17 billion on March 31, 2023, and \$2.01 billion at June 30, 2022. Cash and cash equivalents were \$104 million on June 30, 2023, compared to \$134 million on March 31, 2023, and \$87 million on June 30, 2022.

Period end loans on June 30, 2023, totaled \$1.65 billion, which represented an increase of \$86 million from March 31, 2023, and an increase of \$313 million, or 23%, from \$1.34 billion at June 30, 2022. The growth in loans during the second quarter of 2023 included an increase of \$74 million in commercial loans and \$25 million in commercial real estate loans, partially offset by a decrease of \$17 million in construction loans. Quarterly average loans for the second quarter of 2023 increased \$34 million, or 2%, from the first quarter of 2023 and \$328 million, or 26%, from the second quarter of 2022.

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 June 30, 2023. Our office loans are all located in the San Francisco Bay Area with ten loans in the City of San Francisco totaling \$26.3 million.

The allowance for credit losses on loans was \$17.6 million on June 30, 2023, representing an increase of \$1.2 million from March 31, 2023. The allowance for credit losses on loans to total loans was 1.07% on June 30, 2023, compared to 1.05% on March 31, 2023. Nonperforming loans to total loans was 0.94% on June 30, 2023, compared to 0.91% on March 31, 2023.

Investment securities were \$371.8 million as of June 30, 2023, compared to \$386.9 million on March 31, 2023, and \$507.8 million at June 30, 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 \$1.75 billion on June 30, 2023, an increase of \$131 million, or 8%, from March 31, 2023. This included a \$49 million increase, or 9%, in Venture Lending deposits. Deposits in our Venture Lending division totaled \$606 million at June 30, 2023 and included \$419 million in reciprocal deposits.

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Short-term borrowings on June 30, 2023 totaled \$264 million, a decrease of \$95 million compared to March 31, 2023. The short-term borrowings on June 30<sup>th</sup> included \$35 million in FHLB borrowings and \$224 million in borrowings from the Bank Term Funding Program (BTFF). The average rate on the BTFF on June 30, 2023 was 4.64%.

Book value per share was \$19.55 on June 30, 2023, a decrease of \$0.02 compared to \$19.57 on March 31, 2023. Total shareholders' equity totaled \$150.8 million on June 30, 2023, an increase of \$66,000 compared to March 31, 2023. This included an increase in retained earnings of \$4.7 million and an increase in accumulated other comprehensive loss of \$5.4 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 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 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. Second Quarter 2023 Financial Results Press Release**
**AVIDBANK HOLDINGS, INC.  
Selected Financial Data (Unaudited)**
*(in thousands, except share and per share amounts)*

	2023		2022			For the six months ended June 30,	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	2023	2022
<b>INCOME HIGHLIGHTS</b>							
Net income	\$ 4,726	\$ 6,364	\$ 8,415	\$ 7,046	\$ 5,214	\$ 11,090	\$ 9,563
Loss on sale of securities, net of tax	–	595	295	–	–	595	–
Operating net income <sup>(1)</sup>	\$ 4,726	\$ 6,959	\$ 8,710	\$ 7,046	\$ 5,214	\$ 11,685	\$ 9,563
<b>PER SHARE DATA</b>							
Basic earnings per share	\$ 0.65	\$ 0.87	\$ 1.16	\$ 0.97	\$ 0.78	\$ 1.52	\$ 1.51
Diluted earnings per share	0.63	0.85	1.13	0.95	0.76	1.49	1.47
Diluted earnings per share - operating <sup>(1)</sup>	0.63	0.93	1.17	0.95	0.76	1.57	1.47
Book value per share	19.55	19.57	17.99	16.58	18.27	19.55	18.27
<b>PERFORMANCE MEASURES</b>							
Return on average assets	0.87%	1.19%	1.61%	1.38%	1.02%	1.03%	0.92%
Return on average equity	12.32%	17.87%	25.48%	19.36%	16.18%	14.99%	14.40%
Taxable equivalent net interest margin	3.39%	3.92%	4.41%	4.07%	3.62%	3.66%	3.33%
Efficiency ratio	56.05%	55.21%	45.42%	48.00%	53.43%	55.62%	58.22%
Average loans to average deposits	97.57%	88.70%	76.98%	74.61%	66.88%	93.00%	64.62%
<b>CAPITAL</b>							
Tier 1 leverage ratio	9.55%	9.33%	9.46%	9.22%	8.72%	9.55%	8.72%
Common equity tier 1 capital ratio	9.88%	10.14%	9.82%	10.24%	10.17%	9.88%	10.17%
Tier 1 risk-based capital ratio	9.88%	10.14%	9.82%	10.24%	10.17%	9.88%	10.17%
Total risk-based capital ratio	11.87%	12.16%	11.76%	12.31%	12.25%	11.87%	12.25%
Tangible common equity ratio	6.83%	6.95%	6.45%	6.38%	6.90%	6.83%	6.90%
<b>SHARES OUTSTANDING</b>							
Number of common shares outstanding	7,712,278	7,703,748	7,645,428	7,629,767	7,585,924	7,712,278	7,585,924
Average common shares outstanding - basic	7,321,246	7,299,006	7,281,343	7,274,617	6,687,448	7,310,188	6,316,780
Average common shares outstanding - diluted	7,457,906	7,452,254	7,432,670	7,410,062	6,821,245	7,454,643	6,474,959
<b>ASSET QUALITY</b>							
Allowance for credit losses to total loans	1.20%	1.18%	1.09%	1.14%	1.13%	1.20%	1.13%
Nonperforming assets to total assets	0.70%	0.66%	0.67%	0.01%	0.01%	0.70%	0.01%
Nonperforming loans to total loans	0.94%	0.91%	0.92%	0.01%	0.01%	0.94%	0.01%
Net charge-offs to average loans <sup>(2)</sup>	0.03%	0.00%	0.00%	0.01%	0.00%	0.01%	0.00%
<b>AVERAGE BALANCES</b>							
Loans, net of deferred loan fees	\$1,589,372	\$1,555,207	\$1,450,014	\$1,357,090	\$1,261,255	\$1,572,384	\$1,237,437
Investment securities	382,860	443,870	459,057	505,849	487,535	413,197	462,122
Total assets	2,171,559	2,164,441	2,072,887	2,028,320	2,060,297	2,168,020	2,095,245
Deposits	1,628,975	1,753,295	1,883,640	1,819,008	1,888,494	1,690,792	1,917,687
Shareholders' equity	153,877	144,402	131,046	144,402	129,235	149,166	133,925

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

(2) Annualized

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

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

	June 30, 2023	March 31, 2022	December 31, 2022	September 30, 2022	June 30, 2022
<b>Assets</b>					
Cash and due from banks	\$ 33,849	\$ 19,452	\$ 17,435	\$ 23,766	\$ 50,907
Due from Federal Reserve Bank and fed funds sold	70,364	114,615	29,853	13,476	35,913
Total cash and cash equivalents	104,213	134,067	47,288	37,242	86,820
Investment securities - available for sale	371,753	386,947	412,993	436,535	477,646
Investment securities - held to maturity	-	-	31,671	31,704	30,180
Total investment securities	371,753	386,947	444,664	468,239	507,826
Loans, net of deferred loan fees	1,650,265	1,564,501	1,554,222	1,392,546	1,336,786
Allowance for loan losses	(17,636)	(16,389)	(16,481)	(15,488)	(14,646)
Loans, net of allowance for loan losses	1,632,629	1,548,112	1,537,741	1,377,058	1,322,140
Bank owned life insurance	33,202	32,972	32,747	32,522	32,303
Premises and equipment, net	3,774	4,037	4,163	4,318	4,314
Accrued interest receivable and other assets	62,234	63,916	66,665	64,443	56,853
<b>Total assets</b>	<b>\$ 2,207,805</b>	<b>\$ 2,170,051</b>	<b>\$ 2,133,268</b>	<b>\$ 1,983,822</b>	<b>\$ 2,010,256</b>
<b>Liabilities and Shareholders' Equity</b>					
Deposits:					
Non-interest-bearing demand	\$593,246	\$605,093	\$765,079	\$804,383	\$838,666
Interest bearing checking	25,391	27,150	41,701	46,852	45,179
Money market and savings	1,008,716	871,357	948,731	890,836	848,748
Time	46,794	61,645	67,724	72,301	96,159
Brokered	74,566	52,823	-	-	-
Total deposits	1,748,713	1,618,068	1,823,235	1,814,372	1,828,752
Subordinated debt, net	21,855	21,830	21,805	21,779	21,754
FHLB, FRB and other short-term borrowings	264,000	359,000	130,000	-	-
Accrued interest payable and other liabilities	22,432	20,414	20,690	21,188	21,139
<b>Total liabilities</b>	<b>2,057,000</b>	<b>2,019,312</b>	<b>1,995,730</b>	<b>1,857,339</b>	<b>1,871,645</b>
<b>Shareholders' Equity</b>					
Common stock	103,420	102,718	102,359	101,679	101,244
Retained earnings	103,979	99,252	93,824	85,409	78,364
Accumulated other comprehensive (loss)	(56,594)	(51,231)	(58,645)	(60,605)	(40,997)
<b>Total shareholders' equity</b>	<b>150,805</b>	<b>150,739</b>	<b>137,538</b>	<b>126,483</b>	<b>138,611</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,207,805</b>	<b>\$ 2,170,051</b>	<b>\$ 2,133,268</b>	<b>\$ 1,983,822</b>	<b>\$ 2,010,256</b>

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

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

(in thousands, except share and per share amounts)

	Three Months Ended					Year-to-Date	
	June 30, 2023	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	2023	2022
Interest and fees on loans	\$ 26,713	\$ 25,577	\$ 23,160	\$ 18,853	\$ 15,639	\$ 52,290	\$ 29,802
Interest on investment securities	2,058	2,612	2,751	2,794	2,477	4,670	4,332
Other interest income	1,196	628	526	307	356	1,824	509
<b>Total interest income</b>	<b>29,967</b>	<b>28,817</b>	<b>26,437</b>	<b>21,954</b>	<b>18,472</b>	<b>58,784</b>	<b>34,643</b>
Deposit interest expense	7,989	6,030	4,269	1,948	657	14,019	1,297
Interest on short-term borrowings	4,189	2,673	114	126	–	6,862	–
Interest on long-term debt	300	300	300	300	300	600	600
<b>Total interest expense</b>	<b>12,478</b>	<b>9,003</b>	<b>4,683</b>	<b>2,374</b>	<b>957</b>	<b>21,481</b>	<b>1,897</b>
<b>Net interest income</b>	<b>17,489</b>	<b>19,814</b>	<b>21,754</b>	<b>19,580</b>	<b>17,515</b>	<b>37,303</b>	<b>32,746</b>
Provision for credit losses	1,471	185	993	925	1,592	1,656	1,592
<b>Net interest income after provision for credit losses</b>	<b>16,018</b>	<b>19,629</b>	<b>20,761</b>	<b>18,655</b>	<b>15,923</b>	<b>35,647</b>	<b>31,154</b>
Service charges and bank fees	611	573	660	725	761	1,185	1,486
Federal Home Loan Bank dividends	185	163	118	91	81	348	159
Income from bank owned life insurance	230	225	224	219	215	455	427
Gain/(loss) on sale of securities	–	(815)	(404)	–	–	(815)	–
Warrant and success fee income	–	–	119	12	65	–	150
Other investment income	37	(6)	521	(1)	90	30	84
Other income	24	28	17	30	15	51	34
<b>Total non-interest income</b>	<b>1,087</b>	<b>168</b>	<b>1,255</b>	<b>1,076</b>	<b>1,227</b>	<b>1,254</b>	<b>2,340</b>
Salaries and benefit expenses	7,021	7,954	7,592	7,069	7,129	14,975	14,441
Occupancy and equipment expenses	1,005	961	911	946	901	1,965	1,795
Data processing	477	528	456	447	423	1,004	834
Regulatory assessments	555	226	221	421	509	781	1,173
Legal and professional fees	394	431	364	269	192	825	387
Other operating expenses	960	933	906	761	859	1,894	1,798
<b>Total non-interest expense</b>	<b>10,412</b>	<b>11,033</b>	<b>10,450</b>	<b>9,913</b>	<b>10,013</b>	<b>21,444</b>	<b>20,428</b>
<b>Income before income taxes</b>	<b>6,693</b>	<b>8,764</b>	<b>11,566</b>	<b>9,818</b>	<b>7,137</b>	<b>15,457</b>	<b>13,066</b>
Provision for income taxes	1,967	2,400	3,151	2,772	1,923	4,367	3,503
<b>Net income</b>	<b>\$ 4,726</b>	<b>\$ 6,364</b>	<b>\$ 8,415</b>	<b>\$ 7,046</b>	<b>\$ 5,214</b>	<b>\$ 11,090</b>	<b>\$ 9,563</b>
Basic earnings per common share	\$ 0.65	\$ 0.87	\$ 1.16	\$ 0.97	\$ 0.78	\$ 1.52	\$ 1.51
Diluted earnings per common share	0.63	0.85	1.13	0.95	0.76	1.49	1.47
Weighted average shares - basic	7,321,246	7,299,006	7,281,343	7,274,617	6,687,448	7,310,188	6,316,780
Weighted average shares - diluted	7,457,906	7,452,254	7,432,670	7,410,062	6,821,245	7,454,643	6,474,959

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

**AVIDBANK HOLDINGS, INC.**

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

(dollars in thousands; taxable equivalent)

	Three months ended					
	June 30, 2023			March 31, 2023		
	Average Balance	Interest Income/Expense	Yields or Rates	Average Balance	Interest Income/Expense	Yields or Rates
<b>Assets</b>						
Interest earning assets:						
Loans (1)	\$ 1,590,758	\$ 26,713	6.74%	\$ 1,555,207	\$ 25,577	6.67%
Fed funds sold/interest bearing deposits	93,001	1,196	5.09%	56,303	628	4.52%
Investment securities						
Taxable investment securities	382,860	2,058	2.16%	414,380	2,348	2.30%
Non-taxable investment securities (2)	—	—	0.00%	29,490	334	4.59%
Total investment securities	382,860	2,058	2.16%	443,870	2,682	2.45%
<b>Total interest-earning assets</b>	2,066,619	29,967	5.82%	2,055,380	28,887	5.70%
Noninterest-earning assets:						
Cash and due from banks	23,515			22,992		
All other assets (3)	81,425			86,069		
<b>Total assets</b>	<b>\$ 2,171,559</b>			<b>\$ 2,164,441</b>		
<b>Liabilities and Shareholders' Equity</b>						
Interest-bearing liabilities:						
Deposits						
Demand	\$ 25,854	\$ 60	0.93%	\$ 30,101	\$ 56	0.75%
Money market and savings	849,549	6,699	3.16%	919,292	5,593	2.47%
Time	48,650	198	1.63%	65,830	223	1.37%
Brokered	83,319	1,032	4.97%	13,178	158	4.86%
<b>Total interest-bearing deposits</b>	1,007,372	7,989	3.18%	1,028,401	6,030	2.38%
Short-term borrowings	343,341	4,189	4.89%	219,550	2,673	4.94%
Subordinated debt	21,842	300	5.51%	21,816	300	5.58%
<b>Total interest-bearing liabilities</b>	1,372,555	12,478	3.65%	1,269,767	9,003	2.88%
Noninterest-bearing liabilities:						
Demand deposits	621,603			724,894		
Accrued expenses and other liabilities	23,524			25,378		
Shareholders' equity	153,877			144,402		
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,171,559</b>			<b>\$ 2,164,441</b>		
Net interest spread			2.17%			2.82%
Net interest income and margin (4)		\$ 17,489	3.39%		\$ 19,884	3.92%
Non-taxable equivalent net interest margin			3.39%			3.91%
Cost of deposits	\$ 1,628,975	\$ 7,989	1.97%	\$ 1,753,295	\$ 6,030	1.39%

(1) Nonperforming loans are included in average loan balances. No adjustment has been made for these loans in the calculation of yields. Interest income on loans includes net amortization of deferred loan fees / (costs) of \$347 thousand and \$530 thousand, respectively.

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

(3) Average allowance for loan losses of \$16.8 million and \$16.2 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. Second Quarter 2023 Financial Results Press Release**

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

(dollars in thousands; taxable equivalent)

	Three months ended					
	June 30, 2023			June 30, 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)	\$ 1,590,758	\$ 26,713	6.74%	\$ 1,263,071	\$ 15,638	4.97%
Fed funds sold/interest bearing deposits	93,001	1,196	5.09%	191,861	353	0.74%
Investment securities						
Taxable investment securities	382,860	2,058	2.16%	475,039	2,364	2.00%
Non-taxable investment securities (2)	—	—	0.00%	12,496	143	4.59%
Total investment securities	382,860	2,058	2.16%	487,535	2,507	2.06%
<b>Total interest-earning assets</b>	<b>2,066,619</b>	<b>29,967</b>	<b>5.82%</b>	<b>1,942,467</b>	<b>18,498</b>	<b>3.82%</b>
Noninterest-earning assets:						
Cash and due from banks	23,515			46,334		
All other assets (3)	81,425			71,496		
<b>Total assets</b>	<b>\$ 2,171,559</b>			<b>\$ 2,060,297</b>		
<b>Liabilities and Shareholders' Equity</b>						
Interest-bearing liabilities:						
Deposits						
Demand	\$ 25,854	\$ 60	0.93%	\$ 46,242	\$ 15	0.13%
Money market and savings	849,549	6,699	3.16%	835,058	440	0.21%
Time	48,650	198	1.63%	121,923	202	0.66%
Brokered	83,319	1,032	4.97%	—	—	—
<b>Total interest-bearing deposits</b>	<b>1,007,372</b>	<b>7,989</b>	<b>3.18%</b>	<b>1,003,223</b>	<b>657</b>	<b>0.26%</b>
Short-term borrowings	343,341	4,189	4.89%	—	—	0.00%
Subordinated debt	21,842	300	5.51%	21,518	300	5.59%
<b>Total interest-bearing liabilities</b>	<b>1,372,555</b>	<b>12,478</b>	<b>3.65%</b>	<b>1,024,741</b>	<b>957</b>	<b>0.37%</b>
Noninterest-bearing liabilities:						
Demand deposits	621,603			885,271		
Accrued expenses and other liabilities	23,524			21,050		
Shareholders' equity	153,877			129,235		
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,171,559</b>			<b>\$ 2,060,297</b>		
Net interest spread			2.17%			3.45%
Net interest income and margin (4)		\$ 17,489	3.39%		\$ 17,541	3.62%
Non-taxable equivalent net interest margin			3.39%			3.62%
Cost of deposits	\$ 1,628,975	\$ 7,989	1.97%	\$ 1,888,494	\$ 657	0.14%

(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 \$347 thousand and \$460 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 \$16.8 million and \$14.6 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. Second Quarter 2023 Financial Results Press Release**

**AVIDBANK HOLDINGS, INC.**

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

(dollars in thousands; taxable equivalent)

	Six months ended					
	June 30, 2023			June 30, 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)	\$ 1,573,881	\$ 52,290	6.70%	\$ 1,239,245	\$ 29,802	4.85%
Fed funds sold/interest bearing deposits	74,753	1,824	4.85%	282,750	509	0.36%
Investment securities						
Taxable investment securities	398,533	4,406	2.23%	455,839	4,219	1.87%
Non-taxable investment securities (2)	14,664	334	4.59%	6,283	143	4.59%
Total investment securities	413,197	4,740	2.31%	462,122	4,362	1.90%
<b>Total interest-earning assets</b>	<b>2,061,831</b>	<b>58,854</b>	<b>5.76%</b>	<b>1,984,117</b>	<b>34,673</b>	<b>3.52%</b>
Noninterest-earning assets:						
Cash and due from banks	23,255			44,319		
All other assets (3)	82,934			67,309		
<b>Total assets</b>	<b>\$ 2,168,020</b>			<b>\$ 2,095,745</b>		
<b>Liabilities and Shareholders' Equity</b>						
Interest-bearing liabilities:						
Deposits						
Demand	\$ 27,966	\$ 116	0.84%	\$ 47,712	\$ 31	0.13%
Money market and savings	884,228	12,292	2.80%	823,736	862	0.21%
Time including brokered	57,193	421	1.48%	121,408	404	0.67%
Brokered	48,442	1,190	4.95%	–	–	0.00%
<b>Total interest-bearing deposits</b>	<b>1,017,829</b>	<b>14,019</b>	<b>2.78%</b>	<b>992,856</b>	<b>1,297</b>	<b>0.26%</b>
Short-term borrowings	281,787	6,862	4.91%	–	–	0.00%
Subordinated debt	21,829	600	5.54%	21,616	600	5.60%
<b>Total interest-bearing liabilities</b>	<b>1,321,445</b>	<b>21,481</b>	<b>3.28%</b>	<b>1,014,472</b>	<b>1,897</b>	<b>0.38%</b>
Noninterest-bearing liabilities:						
Demand deposits	672,963			924,833		
Accrued expenses and other liabilities	24,446			22,515		
Shareholders' equity	149,166			133,925		
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,168,020</b>			<b>\$ 2,095,745</b>		
Net interest spread			2.48%			3.14%
Net interest income and margin (4)		\$ 37,373	3.66%		\$ 32,776	3.33%
Non-taxable equivalent net interest margin			3.65%			3.33%
Cost of deposits	\$ 1,690,792	\$ 14,019	1.67%	\$ 1,917,689	\$ 1,297	0.14%

(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 \$877 thousand and \$1.1 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) Average allowance for loan losses of \$16.5 million and \$14.6 million, respectively, is included as a contra asset.

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

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

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

(dollars in thousands)

	June 30, 2023	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	Current Quarter Change	Year over Year Change
Commercial loans	\$ 716,355	\$ 642,826	\$ 700,022	\$ 566,105	\$ 558,908	\$ 73,529	\$ 157,447
Commercial real estate							
Multi-family	193,014	188,411	169,048	159,384	165,818	4,603	27,196
Owner Occupied	132,078	137,118	128,790	120,951	97,275	(5,040)	34,803
Non-Owner Occupied	376,467	350,730	314,284	299,176	291,167	25,737	85,300
Construction and land	215,865	233,162	227,869	234,157	209,941	(17,297)	5,924
Residential	16,220	11,969	13,394	11,991	12,830	4,251	3,390
Total real estate loans	933,644	921,390	853,385	825,659	777,031	12,254	156,613
Other loans	266	285	815	782	847	(19)	(581)
Total loans	<u>\$1,650,265</u>	<u>\$1,564,501</u>	<u>\$1,554,222</u>	<u>\$1,392,546</u>	<u>\$1,336,786</u>	<u>\$ 85,764</u>	<u>\$ 313,479</u>

**Allowance for Loan Losses**

Balance, beginning of quarter	\$ 16,389	\$ 16,481	\$ 15,488	\$ 14,646	\$ 13,054		
Adoption of ASU 2016-13	-	(249)	-	-	-		
Provision for loan losses	1,347	157	993	925	1,592		
Charge-offs	(100)	-	-	(83)	-		
Recoveries	-	-	-	-	-		
Balance, end of quarter	<u>\$ 17,636</u>	<u>\$ 16,389</u>	<u>\$ 16,481</u>	<u>\$ 15,488</u>	<u>\$ 14,646</u>		

**Allowance for Credit Losses**

**on Unfunded Commitments**

Balance, beginning of quarter	\$ 2,045	\$ 449	\$ 422	\$ 422	\$ 392		
Adoption of ASU 2016-13	-	1,568	-	-	-		
Provision for unfunded commitments	124	28	27	-	30		
Balance, end of quarter	<u>\$ 2,169</u>	<u>\$ 2,045</u>	<u>\$ 449</u>	<u>\$ 422</u>	<u>\$ 422</u>		

Total allowance for credit losses -  
loans and unfunded commitments

	<u>\$ 19,805</u>	<u>\$ 18,434</u>	<u>\$ 16,930</u>	<u>\$ 15,910</u>	<u>\$ 15,068</u>		
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Provision for credit losses under CECL

Provision for loan losses	\$ 1,347	\$ 157	\$ 993	\$ 925	\$ 1,592		
Provision for unfunded commitments <sup>(1)</sup>	124	28	-	-	-		
Total provision for credit losses	<u>\$ 1,471</u>	<u>\$ 185</u>	<u>\$ 993</u>	<u>\$ 925</u>	<u>\$ 1,592</u>		

**Nonperforming Assets**

Loans accounted for on a non-accrual basis	\$ 15,485	\$ 14,240	\$ 14,245	\$ 154	\$ 159		
Loans past due 90 days or more and still accruing	-	-	-	-	-		
Nonperforming loans	15,485	14,240	14,245	154	159		
Other real estate owned	-	-	-	-	-		
Nonperforming assets	<u>\$ 15,485</u>	<u>\$ 14,240</u>	<u>\$ 14,245</u>	<u>\$ 154</u>	<u>\$ 159</u>		

**Nonperforming Loans by Type:**

Commercial	\$ 1,390	\$ 145	\$ 150	\$ 154	\$ 159		
Commercial real estate loans	-	-	-	-	-		
Construction and land	14,095	14,095	14,095	-	-		
Total Nonperforming loans	<u>\$ 15,485</u>	<u>\$ 14,240</u>	<u>\$ 14,245</u>	<u>\$ 154</u>	<u>\$ 159</u>		

**Asset Quality Ratios**

Allowance loan losses to total loans	1.07%	1.05%	1.06%	1.11%	1.09%		
Allowance for credit losses to total loans	1.20%	1.18%	1.09%	1.14%	1.13%		
Allowance for loan losses to nonperforming loans	113.89%	115.09%	115.70%	10057.14%	9211.32%		
Nonperforming assets to total assets	0.70%	0.66%	0.67%	0.01%	0.01%		
Nonperforming loans to total loans	0.94%	0.91%	0.92%	0.01%	0.01%		
Net quarterly charge-offs to average loans <sup>(2)</sup>	0.03%	0.00%	0.00%	0.01%	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, and \$30 thousand for the fourth, third, and second quarters of 2022, respectively

(2) Annualized

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

**AVIDBANK HOLDINGS, INC.**

**Deposits (Unaudited)**

*(dollars in thousands)*

<b>Period End Deposits</b>	<b>June 30, 2023</b>	<b>March 31, 2023</b>	<b>Dec. 31, 2022</b>	<b>Sept. 30, 2022</b>	<b>June 30, 2022</b>	<b>Current Quarter Change</b>	<b>Year over Year Change</b>
Non-interest-bearing demand	\$ 593,246	\$ 605,093	\$ 765,079	\$ 804,383	\$ 838,666	\$ (11,847)	\$ (245,420)
Interest bearing checking	25,391	27,150	41,701	46,852	45,179	(1,759)	(19,788)
Money market and savings	1,008,716	871,357	948,731	890,836	848,748	137,359	159,968
Time	46,794	61,645	67,724	72,301	96,159	(14,851)	(49,365)
Brokered	74,566	52,823	—	—	—	21,743	74,566
Total deposits	\$1,748,713	\$1,618,068	\$1,823,235	\$1,814,372	\$1,828,752	\$ 130,645	\$ (80,039)

  

<b>Average Deposits</b>	<b>June 30, 2023</b>	<b>March 31, 2023</b>	<b>Dec. 31, 2022</b>	<b>Sept. 30, 2022</b>	<b>June 30, 2022</b>	<b>Current Quarter Change</b>	<b>Year over Year Change</b>
Non-interest-bearing demand	\$ 621,603	\$ 724,894	\$ 815,222	\$ 820,047	\$ 885,271	\$ (103,291)	\$ (263,668)
Interest bearing checking	25,854	30,101	44,344	46,145	46,242	(4,247)	(20,388)
Money market and savings	849,549	919,292	953,665	867,113	835,058	(69,743)	14,491
Time	48,650	65,830	70,409	85,703	121,923	(17,180)	(73,273)
Brokered	83,319	13,178	—	—	—	70,141	83,319
Total deposits	\$1,628,975	\$1,753,295	\$1,883,640	\$1,819,008	\$1,888,494	\$ (124,320)	\$ (259,519)

**Avidbank Holdings, Inc. Second 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			For the six months ended	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	June 30,	
						2023	2022
<b>Operating net income reconciliation</b>							
Net income - GAAP	\$ 4,726	\$ 6,364	\$ 8,415	\$ 7,046	\$ 5,214	\$ 11,090	\$ 9,563
Loss on sale of securities, net of income tax	–	595	295	–	–	595	–
Operating net income	<u>\$ 4,726</u>	<u>\$ 6,959</u>	<u>\$ 8,710</u>	<u>\$ 7,046</u>	<u>\$ 5,214</u>	<u>\$ 11,685</u>	<u>\$ 9,563</u>
<b>Operating diluted earnings per share reconciliation</b>							
Diluted earnings per share - GAAP	\$ 0.63	\$ 0.85	\$ 1.13	\$ 0.95	\$ 0.76	\$ 1.49	\$ 1.47
Loss on sale of securities, net of income tax	–	0.08	0.04	–	–	0.08	–
Diluted earnings per share - operating	<u>\$ 0.63</u>	<u>\$ 0.93</u>	<u>\$ 1.17</u>	<u>\$ 0.95</u>	<u>\$ 0.76</u>	<u>\$ 1.57</u>	<u>\$ 1.47</u>
<b>Venture lending deposits reconciliation</b>							
Total deposits	\$1,748,713	\$1,618,068	\$1,823,235	\$1,814,372	\$1,828,752	\$1,748,713	\$1,828,752
Venture lending deposits	606,022	557,479	754,997	800,930	778,953	606,022	778,953
Total deposits excluding venture lending	<u>\$1,142,691</u>	<u>\$1,060,589</u>	<u>\$1,068,238</u>	<u>\$1,013,442</u>	<u>\$1,049,799</u>	<u>\$1,142,691</u>	<u>\$1,049,799</u>
<b>Taxable equivalent net interest income reconciliation</b>							
Net interest income - GAAP	\$ 17,489	\$ 19,814	\$ 21,754	\$ 19,580	\$ 17,515	\$ 37,303	\$ 32,746
Taxable equivalent adjustment	–	70	75	69	26	70	30
Net interest income - taxable equivalent	<u>\$ 17,489</u>	<u>\$ 19,884</u>	<u>\$ 21,829</u>	<u>\$ 19,649</u>	<u>\$ 17,541</u>	<u>\$ 37,373</u>	<u>\$ 32,776</u>
<b>Taxable equivalent net interest margin reconciliation</b>							
Net interest margin - GAAP	3.39%	3.91%	4.40%	4.05%	3.62%	3.65%	3.33%
Impact of taxable equivalent adjustment	–	0.01	0.01	0.02	–	0.01	–
Net interest margin - taxable equivalent	<u>3.39%</u>	<u>3.92%</u>	<u>4.41%</u>	<u>4.07%</u>	<u>3.62%</u>	<u>3.66%</u>	<u>3.33%</u>