

AVIDBANK HOLDINGS, INC.
AUDIT COMMITTEE CHARTER

Board Approved: April 15, 2025
Previously Approved: December 17, 2024

I. COMMITTEE PURPOSE AND AUTHORITY

The **purpose** of the Audit Committee (“Committee”) is to assist the Board of Directors (the “Board”) of Avidbank Holdings, Inc. (the “Company”) in fulfilling its oversight responsibility to shareholders and others relating to the integrity of the Company’s financial information. The Committee will review and discuss with management, the independent auditors and the persons responsible for the Company’s internal audit function, the following:

1. Implementation of a risk management framework designed to identify, assess, and manage the Company’s operational, compliance, credit, reputation, strategic, liquidity, and sensitivity to market risks;
2. Integrity of the Company’s financial statements and its accounting and financial reporting processes and financial statement audits;
3. Qualifications and independence of the independent auditors;
4. Performance of the Company’s internal audit function and independent auditors;
5. Compliance with applicable legal and regulatory requirements;
6. Internal controls over financial reporting and disclosure procedures; and
7. Compliance with ethical standards adopted by the Company.

The Committee has the sole authority to **appoint, retain and replace any independent registered public accounting firm**, including oversight of audit partner rotation. The Committee is directly responsible for the compensation and oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company. The independent auditors shall report directly to the Committee.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to **retain independent legal, accounting, and other advisors** and to investigate any matter brought to its attention. The Company shall provide for appropriate funding, as determined by the Committee, for payment of (i) compensation to the independent auditors, (ii) compensation to any advisors employed by the Committee, and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties or other expenses deemed appropriate by the Company in good faith.

II. COMPOSITION AND MEMBERSHIP

1. The Committee shall consist of at least **three** members, each of whom is an independent director as defined by NASDAQ Listing Rule 5605(a)(2), as approved by the Securities and Exchange Commission (“SEC”), and SEC rules, and meets the additional Audit Committee member requirements as set forth in NASDAQ Listing Rule 5605(c)(2), Rule 10-A-3 under the Securities Exchange Act of

1934, as amended (the “Exchange Act”), and applicable banking regulations including, but not limited to, the rules and regulations of the FDIC.

2. All members of the Committee shall be able to read and understand fundamental financial statements, and at least one member of the Committee shall have past employment experience in finance or accounting, professional certification in accounting, or other comparable experience that results in the individual’s financial sophistication. At least one individual shall be an “audit committee financial expert” as defined in Item 407(d)(5) of Regulation S-K of the Exchange Act.
3. Each Audit Committee member must meet the applicable standards of independence, and the determination of independence will be made by the Corporate Governance and Nominating Committee and confirmed by the Board.
4. Any Committee member who ceases to meet the applicable standards of independence shall immediately, automatically, and without further action by the Committee or the Board cease to be a member of the Committee.
5. The Committee chair shall be designated by the Committee and shall preside over meetings and report Committee actions and recommendations to the Board. If the chair is not present, the Committee may designate a member to chair the meeting.
6. Committee members shall serve at the pleasure of the Board and membership in the Committee will be reviewed at least annually by the Board’s Corporate Governance and Nominating Committee who will recommend membership to the Board for approval.

III. MEETINGS

1. The Committee shall meet at least **quarterly**, and additionally to the extent it deems necessary or appropriate. The chair of the Committee or at least two other members may call meetings of the Committee.
2. The Committee chair shall approve an agenda in advance of each meeting and shall cause minutes to be taken. Minutes shall be approved by the Committee and such minutes along with any actions taken or significant matters reviewed in Committee meetings shall be reported to the Board at the next Board meeting following a Committee meeting.
3. The Committee shall periodically meet with management, the internal auditor, and the independent auditor in separate executive sessions. Each regularly scheduled meeting shall include an executive session of the Committee without members of management, and as a committee to discuss any matters that the Committee or each of those groups believes should be discussed.
4. A quorum shall consist of a majority of the members. All determinations of the Committee shall be made by a majority of its members present at a duly convened meeting.

IV. DUTIES AND RESPONSIBILITIES.

The Committee’s principal responsibility is one of oversight. The fundamental responsibility for the company’s financial statements and disclosure rests with management and the independent auditor.

V. Independent Auditor

The Committee shall:

1. Select, appoint and retain the independent registered public accounting firm to act as the Company's independent auditors for the purpose of auditing the Company's annual financial statements, books, records, accounts, and internal controls over financial reports, approve the engagement and terms thereof, including the fees and other compensation to be paid to the independent accountants, and recommend ratification of such selection and appointment by the shareholders.
2. Review the qualifications and the independence of the independent auditor and remove the independent auditor, if warranted.
3. Review the experience and qualifications of the lead partner and determine that all partner rotation requirements are executed.
4. Set policies consistent with governing laws and regulations, for engaging the independent auditor.
5. Review and discuss with the Company's independent auditors, management and the persons responsible for the Company's internal audit function, the following:
 - (a). The Company's annual and quarterly financial statements, related notes, and any other relevant reports or other financial information, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" (the "**MD&A**"), recommend the annual audited financial statements to the Board for inclusion in the Company's Form 10-K, and any related issues prior to their filing;
 - (b). The type and presentation of information to be included in the Company's earnings releases as well as financial information and earnings guidance provided by the Company to analysts and others;
 - (c). Any significant issues regarding accounting principles and financial statement presentations, changes in the selection or application of accounting principles, reporting issues and judgments, legal regulatory matters, compliance policies or internal controls;
 - (d). The adequacy and effectiveness of the Company's financial reporting and disclosure processes and controls;
 - (e). Significant financial risk exposures and the steps management has taken to monitor, control and report such exposures;
 - (f). Significant deficiencies and/or material weaknesses in internal controls and changes in such controls reported to the Committee by the independent auditors or management together with management's response; and
 - (g). Any fraud, whether or not material, that involves management or other employees who have a substantive role in the Company's internal control over financial reporting.
6. Prepare the audit committee report to be included in the Company's annual proxy statement,

including the review of financial statements with management.

7. Review and pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditors (whether pursuant to policies or otherwise), subject to the *de minimus* exceptions for non-audit services which are approved by the Committee prior to the completion of the audit pursuant to policies adopted by the Company. The Committee or Committee Chair may delegate authority to executive management, operating within the authority prescribed in Company policies, to grant pre-approvals of, certain non-audit services, provided that these decisions shall be presented to and ratified by the full Committee at its next scheduled meeting.
8. Review with the independent auditor any problems or difficulties encountered during the course of the audit including any restrictions on the scope of the audit activities, access to requested information, or any significant disagreements with management, together with management's response.
9. Report its activities regularly to the Board, making recommendations for changes that the Committee deems advisable.
10. At least quarterly, review with the Company's Chief Financial Officer and Chief Operating Officer any risk exposures that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

VI. Internal Audit

The Internal Audit function shall include objective and independent reviews of all operational areas of the Company including an independent review of Credit.

The Committee shall:

1. Oversee and monitor the performance of the Company's internal audit and credit review function, including the adequacy and effectiveness of the Company's internal controls and disclosure controls and procedures and discuss with the independent auditors and/or management the responsibilities, budget, and staffing of the internal audit function and any recommended changes in the planned scope of the internal audits.
2. Review the internal audit risk assessment and approve the internal audit plan at least annually, review the outcome of audit reports, the Company's independent certified audits, and management's progress to remediate audit issues.
3. Meet separately with internal auditors to discuss issues and concerns warranting the attention of the Committee.
4. Review significant findings reported by regulators and auditors and management's related responses and monitor corrective actions on major deficiencies noted.
5. Review and advise on the selection and removal of the Internal Audit service provider(s). The Committee may advise on the selection and removal of the Internal Audit Manager.
6. Review the activities and organizational structure of the internal audit function, resources, as well as

qualifications of personnel.

VII. Ethical and Legal Compliance

The Committee shall:

1. Review with the Company's legal counsel any legal, compliance and regulatory matters that could have a significant impact on the Company's financial statements and the Company's risk appetite.
2. Oversee, review, and periodically update the Company's code of business conduct and ethics as well as a system to monitor compliance with the enforcement of the code, including the hotlines and the whistleblower function.

VIII. Risk Management

The Committee's function shall include oversight of the Company's fundamental risk management programs implemented to identify, assess, and manage strategic, operational, financial and credit risks. The Committee's shall:

1. Approve applicable risk policies and review certain associated frameworks, analysis, and reporting established by management.
2. Discuss the Company's major financial, operational, and compliance risk exposure and the actions management has taken to monitor and control such exposures.
3. Review contingent liabilities and risks that may be material to the Company including, without limitation, risks relating to cybersecurity, new products, as well as relevant major regulatory and legislative developments that could materially impact the Company.
4. Consider the risk of management's ability to override the Company's internal controls.
5. Review and approve related party transactions and exceptions to policy, as necessary.
6. Review and discuss the status of the Bank Secrecy Act/ Anti-Money Laundering/ Office of Foreign Asset Control (BSA/AML/OFAC) program with the BSA /OFAC Officer.
7. Review and discuss the status of the Avidbank's (the "Bank") Compliance program with the Compliance Officer, and Chief Operating Officer.
8. Review periodic reports on the adequacy of the Company's information system controls and related security. Discuss material changes or significant developments with the Bank's information systems, technology, and critical third-party service providers.

IX. CHARTER REVIEW

The Committee shall review this charter and the audit policy at least annually and the Committee shall recommend any proposed changes to the Board for approval. The Committee will also prepare and report to the Board annually, a performance evaluation of the Committee which covers the Committee's performance and compliance as it relates to this charter.

X. OTHER MATTERS

Reporting Ethical Concerns to the Audit Committee. The Company has established procedures for the receipt, retention and treatment of expressed concerns or complaints regarding honesty, accounting and internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters. If you have a complaint or concern regarding any of these matters which you wish to bring to the attention of the Audit Committee, you should promptly contact the Audit Committee Chair at 415-516-7655. If you desire to raise your concern anonymously, you can leave a message for the Audit Committee Chair by emailing: AvidbankHRHotline@GetInTouch.com or going online at www.intouchwebsite.com/AvidbankHRHotline.