**SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**

**FORM 10-Q**

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2026

**OR**

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

**Commission File No. 001-42775**

**Avidia Bancorp, Inc.**
(Exact Name of Registrant as Specified in Its Charter)

| **Maryland** | **33-4239888** |
|---|---|
| (State or Other Jurisdiction of Incorporation or Organization) | (I.R.S. Employer Identification Number) |
| **42 Main Street, Hudson, Massachusetts** | **01749** |
| (Address of Principal Executive Offices) | (Zip Code) |

**(800) 508-2265**
(Registrant's Telephone Number, Including Area Code)

**N/A**
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading symbol(s) | Name of Each Exchange on Which Registered |
|---|---|---|
| Common stock, $0.01 par value | AVBC | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

| | |
|---|---|
| Large accelerated filer ☐ | Accelerated filer ☐ |
| Non-accelerated filer ☒ | Smaller reporting company ☒ |
| | Emerging growth company ☒ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

There were 19,970,306 shares of the registrant's common stock, par value $0.01 per share, outstanding as of August 13, 2026.

**Avidia Bancorp, Inc.**

**Form 10-Q**

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## Part I. – Financial Information

## ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

### Avidia Bancorp, Inc.

### June 30, 2026 (Unaudited) and December 31, 2025

### Consolidated Balance Sheets

| *(Dollars in thousands)* | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Assets: | | |
| Cash and due from banks | $ 19,171 | $ 15,903 |
| Short-term investments | 51,303 | 129,551 |
| Total cash and cash equivalents | 70,474 | 145,454 |
| | | |
| Securities available for sale, at fair value (amortized cost $333,638 as of June 30, 2026 and $285,252 as of December 31, 2025) | 315,091 | 269,139 |
| Securities held to maturity, at amortized cost (fair value $12,222 as of June 30, 2026 and $12,601 as of December 31, 2025) | 12,500 | 13,000 |
| Total securities | 327,591 | 282,139 |
| | | |
| Federal Home Loan Bank stock, at cost | 8,051 | 11,801 |
| | | |
| Loans held for sale | — | 400 |
| | | |
| Total loans | 2,260,543 | 2,298,466 |
| Allowance for credit losses | (23,926) | (22,018) |
| Net loans | 2,236,617 | 2,276,448 |
| | | |
| Premises and equipment, net | 29,153 | 29,183 |
| Bank-owned life insurance | 47,309 | 36,660 |
| Accrued interest receivable | 8,700 | 8,537 |
| Net deferred tax asset | 12,842 | 13,134 |
| Goodwill | 11,936 | 11,936 |
| Mortgage servicing rights | 3,168 | 3,033 |
| Other assets | 24,263 | 18,365 |
| Total assets | $ 2,780,104 | $ 2,837,090 |
| Liabilities: | | |
| Deposits | $ 2,153,608 | $ 2,128,283 |
| Federal Home Loan Bank advances | 160,000 | 260,000 |
| Subordinated debt | 27,877 | 27,815 |
| Accrued expenses and other liabilities | 49,083 | 41,998 |
| Total liabilities | 2,390,568 | 2,458,096 |
| Shareholders' equity: | | |
| Common stock, $0.01 par value, 120,000,000 shares authorized, 20,076,250 shares issued and outstanding as of June 30, 2026 and December 31, 2025 | 201 | 201 |
| Additional paid-in capital | 195,228 | 194,899 |
| Unallocated ESOP common stock | (14,857) | (15,258) |
| Retained earnings | 223,138 | 211,981 |
| Accumulated other comprehensive loss | (14,174) | (12,829) |
| Total shareholders' equity | 389,536 | 378,994 |
| Total liabilities and shareholders' equity | $ 2,780,104 | $ 2,837,090 |

*The accompanying notes are an integral part of these consolidated financial statements.*

**Avidia Bancorp, Inc.**

**Consolidated Statements of Operations (Unaudited)**

| *(Dollars in thousands, except per share data)* | Three Months Ended June 30, 2026 | Three Months Ended June 30, 2025 | Six Months Ended June 30, 2026 | Six Months Ended June 30, 2025 |
|---|---|---|---|---|
| Interest and dividend income: | | | | |
| Loans, including fees | $ 29,961 | $ 28,883 | $ 60,275 | $ 57,067 |
| Securities | 2,877 | 2,555 | 5,421 | 5,206 |
| Other | 400 | 421 | 1,142 | 636 |
| Total interest and dividend income | 33,238 | 31,859 | 66,838 | 62,909 |
| Interest expense: | | | | |
| Deposits | 6,992 | 7,242 | 13,877 | 14,973 |
| Federal Home Loan Bank advances | 1,930 | 3,647 | 4,311 | 7,439 |
| Subordinated debt | 352 | 352 | 704 | 667 |
| Total interest expense | 9,274 | 11,241 | 18,892 | 23,079 |
| Net interest income | 23,964 | 20,618 | 47,946 | 39,830 |
| Credit loss expense - loans | 745 | 1,523 | 1,604 | 18,828 |
| Credit loss expense (benefit) - off-balance sheet credit exposures | 147 | (452) | 376 | (141) |
| Total credit loss expense | 892 | 1,071 | 1,980 | 18,687 |
| Net interest income, after credit loss expense | 23,072 | 19,547 | 45,966 | 21,143 |
| Non-interest income: | | | | |
| Customer service fees | 1,338 | 884 | 2,256 | 1,785 |
| Net loss on sale of securities available for sale | — | (78) | — | (619) |
| Payments processing income | 2,592 | 2,079 | 4,501 | 4,271 |
| Income on bank-owned life insurance | 379 | 289 | 648 | 568 |
| Mortgage banking income | 287 | 162 | 550 | 178 |
| Investment commissions | 359 | 312 | 715 | 662 |
| Other | 947 | 1,598 | 1,518 | 2,129 |
| Total non-interest income | 5,902 | 5,246 | 10,188 | 8,974 |
| Non-interest expense: | | | | |
| Salaries and employee benefits | 9,963 | 8,909 | 20,163 | 20,475 |
| Occupancy and equipment | 1,440 | 2,042 | 3,267 | 4,060 |
| Data processing | 3,042 | 2,994 | 5,933 | 6,372 |
| Professional fees | 1,516 | 1,088 | 2,624 | 1,749 |
| Payments processing | 452 | 932 | 819 | 1,975 |
| Deposit insurance | 302 | 780 | 645 | 1,412 |
| Advertising | 424 | 310 | 630 | 575 |
| Telecommunications | 75 | 96 | 175 | 188 |
| Problem loan and foreclosed real estate, net | 179 | 194 | 377 | 306 |
| Other general and administrative | 2,108 | 2,418 | 3,862 | 4,484 |
| Total non-interest expense | 19,501 | 19,763 | 38,495 | 41,596 |
| Income (loss) before income tax expense (benefit) | 9,473 | 5,030 | 17,659 | (11,479) |
| Income tax expense (benefit) | 2,303 | 1,158 | 4,494 | (3,764) |
| Net income (loss) | $ 7,170 | $ 3,872 | $ 13,165 | $ (7,715) |
| | | | | |
| Earnings per common share: | | | | |
| Basic | $ 0.39 | N/A | $ 0.71 | NA |
| Diluted | $ 0.39 | N/A | $ 0.71 | NA |
| Weighted average common shares outstanding: | | | | |
| Basic | 18,577,444 | N/A | 18,567,462 | NA |
| Diluted | 18,577,444 | N/A | 18,567,462 | NA |

*The accompanying notes are an integral part of these consolidated financial statements.*

## Avidia Bancorp, Inc.

## Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In thousands)* | **2026** | **2025** | **2026** | **2025** |
| Net income (loss) | $ 7,170 | $ 3,872 | $ 13,165 | $ (7,715) |
| Other comprehensive income: | | | | |
| Securities available for sale | | | | |
| Unrealized holding (losses) gains arising during period | (1,084) | 1,995 | (2,433) | 6,642 |
| Reclassification adjustment for losses realized in income [1] | — | 78 | — | 619 |
| Cash flow hedge | | | | |
| Unrealized holding gain (loss) | 454 | (160) | 768 | (474) |
| Other comprehensive (loss) income, before tax | (630) | 1,913 | (1,665) | 6,787 |
| Deferred tax effect | 109 | (416) | 320 | (1,473) |
| Other comprehensive (loss) income | (521) | 1,497 | (1,345) | 5,314 |
| Comprehensive income (loss) | $ 6,649 | $ 5,369 | $ 11,820 | $ (2,401) |

(1)Amounts are included in net loss on sale of securities available for sale on the consolidated statements of operations. There were no reclassification adjustments for the three and six months ended June 30, 2026. The income tax benefit associated with the reclassification adjustment for the three and six months ended June 30, 2025 was $22 thousand and $174 thousand, respectively.

*The accompanying notes are an integral part of these consolidated financial statements.*

**Avidia Bancorp, Inc.**

**Consolidated Statements of Changes in Stockholders' Equity (Unaudited)**

| *(Dollars in thousands)* | Shares of Common Stock Outstanding | Common Stock | Additional Paid-In Capital | Unallocated ESOP Common Stock | Retained Earnings | Accumulated Other Comprehensive Loss | Total |
|---|---|---|---|---|---|---|---|
| **Balance at March 31, 2025** | — | $ — | $ — | $ — | $ 203,683 | $ (17,626) | $ 186,057 |
| Net income | — | — | — | — | 3,872 | — | 3,872 |
| Other comprehensive income | — | — | — | — | — | 1,497 | 1,497 |
| **Balance at June 30, 2025** | — | $ — | $ — | $ — | $ 207,555 | $ (16,129) | $ 191,426 |
| | | | | | | | |
| **Balance at March 31, 2026** | 20,076,250 | $ 201 | $ 195,057 | $ (15,057) | $ 216,973 | $ (13,653) | $ 383,521 |
| Net income | — | — | — | — | 7,170 | — | 7,170 |
| Other comprehensive loss | — | — | — | — | — | (521) | (521) |
| Dividends declared and paid on common stock ($0.05 per share) | — | — | — | — | (1,005) | — | (1,005) |
| ESOP shares committed to be released | — | — | 171 | 200 | — | — | 371 |
| **Balance at June 30, 2026** | 20,076,250 | $ 201 | $ 195,228 | $ (14,857) | $ 223,138 | $ (14,174) | $ 389,536 |

| *(Dollars in thousands)* | Shares of Common Stock Outstanding | Common Stock | Additional Paid-In Capital | Unallocated ESOP Common Stock | Retained Earnings | Accumulated Other Comprehensive Loss | Total |
|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2024** | — | $ — | $ — | $ — | $ 215,270 | $ (21,443) | $ 193,827 |
| Net loss | — | — | — | — | (7,715) | — | (7,715) |
| Other comprehensive income | — | — | — | — | — | 5,314 | 5,314 |
| **Balance at June 30, 2025** | — | $ — | $ — | $ — | $ 207,555 | $ (16,129) | $ 191,426 |
| | | | | | | | |
| **Balance at December 31, 2025** | 20,076,250 | $ 201 | $ 194,899 | $ (15,258) | $ 211,981 | $ (12,829) | $ 378,994 |
| Net income | — | — | — | — | 13,165 | - | 13,165 |
| Other comprehensive loss | — | — | — | — | — | (1,345) | (1,345) |
| Dividends declared and paid on common stock ($0.05 per share) | — | — | — | — | (2,008) | — | (2,008) |
| ESOP shares committed to be released | — | — | 329 | 401 | — | — | 730 |
| **Balance at June 30, 2026** | 20,076,250 | $ 201 | $ 195,228 | $ (14,857) | $ 223,138 | $ (14,174) | $ 389,536 |

*The accompanying notes are an integral part of these consolidated financial statements.*

**Avidia Bancorp, Inc.**

**Consolidated Statements of Cash Flows (Unaudited)**

| *(In thousands)* | Six Months Ended June 30, 2026 | 2025 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income (loss) | $ 13,165 | $ (7,715) |
| *Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:* | | |
| Depreciation and amortization of premises and equipment | 1,341 | 1,276 |
| Credit loss expense - loans | 1,604 | 18,828 |
| Credit loss expense (benefit) - off-balance sheet credit exposures | 376 | (141) |
| Deferred income tax benefit | (2,149) | — |
| Net loss on sale of securities available for sale | — | 619 |
| Gain on sale of loans | (59) | (79) |
| (Gain) loss on premises and equipment | (3) | 356 |
| Net amortization of securities | (522) | (100) |
| Proceeds from sale of loans | 2,284 | 1,916 |
| Loans originated for sale | (1,825) | (987) |
| Amortization of right of use assets | 232 | 233 |
| Amortization of subordinated debt issuance costs | 62 | 59 |
| Increase in cash surrender value of bank-owned life insurance | (649) | (568) |
| Decrease (increase) in income tax receivable | 2,498 | (5,728) |
| Net change in accrued interest receivable | (163) | (25) |
| ESOP expense | 730 | — |
| Other, net | 1,544 | (12,512) |
| Net cash provided (used) by operating activities | 18,466 | (4,568) |
| Cash flows from investing activities: | | |
| Securities available for sale | | |
| Maturities, principal payments, calls and sales | 26,327 | 38,529 |
| Purchases | (74,191) | (32,103) |
| Securities held to maturity | | |
| Maturities, principal payments, calls and sales | 3,500 | — |
| Purchases | (3,000) | — |
| Redemption of Federal Home Loan Bank stock | 4,977 | 7,452 |
| Purchases of Federal Home Loan Bank stock | (1,227) | (4,806) |
| Net change in loans | 38,391 | (67,172) |
| Purchases of bank owned life insurance | (10,000) | — |
| Proceeds from sale of premises and equipment | 18 | 156 |
| Purchases of premises and equipment | (1,558) | (2,620) |
| Net cash used by investing activities | (16,763) | (60,564) |

*The accompanying notes are an integral part of these consolidated financial statements.*

**Avidia Bancorp, Inc.**

**Consolidated Statements of Cash Flows (Unaudited) (continued)**

| *(In thousands)* | Six Months Ended June 30, 2026 | 2025 |
|---|---|---|
| Cash flows from financing activities: | | |
| Net change in deposits | 25,325 | 376,274 |
| Net change in short-term Federal Home Loan Bank advances | (50,000) | (15,000) |
| Repayment of long-term Federal Home Loan Bank advances | (50,000) | (50,000) |
| Cash dividends declared and paid on common stock | (2,008) | — |
| Net cash (used) provided by financing activities | (76,683) | 311,274 |
| Net change in cash and cash equivalents | (74,980) | 246,142 |
| Cash and due from banks at beginning of year | 145,454 | 62,444 |
| Cash and due from banks at end of year | $ 70,474 | $ 308,586 |
| Supplementary cash flow information: | | |
| Interest paid on deposits and borrowed funds | $ 19,335 | $ 23,489 |
| Income taxes paid, net of refunds | 4,031 | 2,061 |

*The accompanying notes are an integral part of these consolidated financial statements.*

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements**
**(Unaudited)**

## NOTE 1. NATURE OF OPERATIONS AND CONVERSION

Avidia Bancorp, Inc. (the "Company") is the bank holding company for Avidia Bank that was created upon the conversion of Assabet Valley Bancorp, the former mutual holding company and sole stockholder of Avidia Bank (the "Bank"), from the mutual form of organization to the stock form of organization. The conversion was completed on July 31, 2025. Prior to July 31, 2025, the conversion had not yet been completed and the Company had no assets or liabilities and had not conducted any business activities other than organizational activities. Accordingly, the unaudited consolidated financial statements, and related notes, and other financial information included in this report at or for any period prior to July 31, 2025 relate to Assabet Valley Bancorp.

### *Conversion and Change in Corporate Form*

Effective July 31, 2025, Assabet Valley Bancorp, the former mutual holding company of Avidia Bank and the predecessor to Avidia Bancorp, Inc., consummated its mutual to stock conversion and the Company consummated its related stock offering. In the offering, the Company sold 19,176,250 shares of common stock at a per share price of $10.00, including 1,606,100 shares of common stock purchased by the Bank's employee stock ownership plan, for net offering proceeds of approximately $185.8 million. Additionally, the Company donated $1.0 million of cash and 900,000 shares of common stock to the Avidia Bank Charitable Foundation (the "Foundation"). A total of 20,076,250 shares of common stock of the Company were issued and outstanding immediately after the donation to the Foundation. The purchase of the common stock by the ESOP was financed by a loan from the Company.

In connection with the conversion, the Company and the Bank established liquidation accounts in an amount equal to Assabet Valley Bancorp's total equity as reflected in the latest consolidated balance sheets contained in the final offering prospectus for the conversion. The liquidation accounts will be maintained for the benefit of eligible account holders (as defined in the Plan) and supplemental eligible account holders (as defined in the Plan) (collectively, "eligible depositors") who continue to maintain their deposit accounts in the Bank after the conversion. In the event of a complete liquidation of either (i) the Bank or (ii) the Bank and the Company (and only in such events), eligible depositors who continue to maintain their deposit accounts will be entitled to receive a distribution from the liquidation accounts before any distribution may be made with respect to the common stock of the Company.

The Company may not declare or pay a cash dividend if the effect thereof would cause its equity to be reduced below either the amount required for the liquidation accounts or the regulatory capital requirements imposed by its respective bank regulators.

## NOTE 2. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations.

The interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Avidia Bank, and its subsidiaries, Hudson Security Corporation, Eli Whitney Securities Corporation and 42 Main Street Corporation. The Bank is a state-chartered savings bank that provides depository and loan products to individual and corporate customers primarily in the central Massachusetts region. Hudson Security Corporation and Eli Whitney Securities Corporation engage in the investment of securities. 42 Main Street Corporation was established to hold, manage, and sell

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

the Bank's foreclosed real estate property. All significant intercompany balances and transactions have been eliminated in consolidation.

Management has evaluated subsequent events through the date these consolidated financial statements were issued. On July 24, 2026, the Company's Board declared a cash dividend of $0.06 per common share, payable on or about August 27, 2026, to stockholders of record as of August 18, 2026. This dividend has been recorded in the Company's consolidated financial statements as of the declaration date. On August 4, 2026, the Company announced that the Board of Directors has authorized a stock buyback plan, under which the Company may repurchase up to $30 million in value of its common stock. Repurchases may be made from time to time on the open market, in privately negotiated transactions, and through the use of trading plans intended to qualify under Rule 10b5-1 under the Exchange Act. The extent to which the Company repurchases shares and the size and timing of these repurchases will depend on a variety of factors, including pricing, market conditions, and the Company's capital position. The stock buyback plan is scheduled to expire on July 31, 2027 and may be modified, suspended, or discontinued without prior notice at any time. There were no other subsequent events that require recognition and/or disclosure in the consolidated financial statements.

In the opinion of management, the accompanying interim consolidated financial statements of the Company include all normal and recurring adjustments necessary for a fair presentation. Such adjustments are the only adjustments included in such financial statements. The results for any interim period are not necessarily indicative of results for the full year. These unaudited consolidated financial statements and notes hereto should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2025 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

The significant accounting policies used in preparation of the Company's consolidated financial statements are disclosed in its 2025 audited consolidated financial statements, contained in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

***Use of Estimates***

In preparing consolidated financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses and the realizability of deferred tax assets.

***Reclassification***

Certain items in prior consolidated financial statements have been reclassified to conform to the current presentation.

***Tax Credit Investments***

The Company invests in qualified affordable housing projects through limited liability entities to obtain tax benefits and to contribute to its local community. The Company has elected to account for these investments using the proportional amortization method whereby the amortization of the investment in the limited liability entity is in proportion to the tax credits utilized each year and amortization is recognized in the consolidated statements of operations as a component of income tax expense (benefit). These investments are reported in other assets in the consolidated balance sheets in the amounts of $791 thousand and $911 thousand at June 30, 2026 and December 31, 2025, respectively.

***Segment Information***

The Company's reportable segment is determined by the Chief Financial Officer, who is the designated chief operating decision maker, based upon information provided about the Company's products and services offered, primarily banking operations. The segment is also distinguished by the level of information provided by the chief operating decision maker, who uses such information to review performance of various components of the business, which are then aggregated if operating performance, products/services, and customers are similar. The chief operating decision maker will evaluate the

financial performance of the Company's business components such as by evaluating revenue streams, significant expenses, and budget to actual results in assessing the Company's segment and in the determination of allocating resources. The chief operating decision maker uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate return on assets. The chief operating decision maker uses consolidated net income to benchmark the Company against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessing performance and in establishing compensation. Loans, investments, and deposit product service fees provide the revenues in the banking operation. Interest expense, credit loss expense, and salaries and employee benefits, as reported on the consolidated statements of operations, provide the significant expenses in the banking operation. All operations are domestic.

Accounting policies for segments are the same as those described herein. Segment performance is evaluated using consolidated net income. The measure of segment assets is reported on the consolidated balance sheets as total consolidated assets. Noncash items, such as depreciation and amortization, as well as expenditures for premises and equipment, are reported on the consolidated statements of cash flows.

***Employee Stock Ownership Plan ("ESOP")***

ESOP shares are shown as a reduction of stockholders' equity and are presented in the consolidated balance sheets and the consolidated statements of changes in stockholders' equity as unallocated ESOP common stock. Compensation expense for the Company's ESOP is recorded at an amount equal to the shares committed to be allocated by the ESOP multiplied by the average fair market value of the shares during the period. The Company recognizes compensation expense ratably over the period based upon the Company's estimate of the number of shares committed to be allocated by the ESOP. When the shares are released, unallocated ESOP common stock is reduced by the cost of the ESOP shares released and the difference between the average fair market value and the cost of the shares committed to be allocated by the ESOP is recorded as an adjustment to additional paid-in capital. The loan receivable from the ESOP is not reported as an asset nor is the Company's guarantee to fund the ESOP reported as a liability on the Company's consolidated balance sheet. The employees of the Bank are the participants in the ESOP. Dividends paid on unallocated shares are used to repay the loan to the Company.

## NOTE 3. RECENT ACCOUNTING DEVELOPMENTS

***Recently Adopted Accounting Standards***

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures*. The ASU provides more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information, such as requiring the disclosure of specific categories in the rate reconciliation and the disaggregation of income tax expense and income taxes paid by federal, state, and foreign taxes. This ASU was adopted December 31, 2025, and it did not have a material impact on the Company's consolidated financial statements.

***Future Accounting Pronouncements***

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement - Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This ASU will require public companies to disclose, in the notes to financial statements, specified information about certain costs and expenses at each interim and annual reporting period. The amendments in this ASU are effective for fiscal years beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The Company does not expect this ASU to have a material impact on the Company's consolidated financial statements.

In November 2025, the FASB issued ASU 2025-08, *Financial Instruments - Credit Losses (Topic 326): Purchased Loans*. This ASU revises Topic 326 to simplify and improve the accounting for acquired financial assets. The update expands the application of the gross-up approach to include purchased seasoned loans, eliminating the complexity and inconsistency created by having separate models for purchased credit deteriorated ("PCD") and non-PCD assets. Under the new guidance, the initial allowance for credit losses is added to the amortized cost basis rather than recorded as a Day 1 provision expense.

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

The amendments in this update are effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The Company does not expect this ASU to have a material impact on the Company's consolidated financial statements.

In November 2025, the FASB issued ASU 2025-09, *Derivatives and Hedging (Topic 815): Hedge Accounting Improvements*. This ASU introduces clarifications to Topic 815 building on improvements from ASU 2017-12, and addresses challenges arising from the global reference rate reform (i.e., the LIBOR transition). The new guidance aims to reduce complexity in applying hedge accounting to transactions tied to an entity's risk management activities and promotes consistency in accounting for forecasted transactions, interest rate flexibility, and nonfinancial components. The update expands eligibility for hedge accounting by allowing groups of forecasted transactions with similar risk exposures, provides guidance for hedging interest payments on debt with selectable interest rate indexes, clarifies hedging of specified components of nonfinancial assets, and eases restrictions related to net written options and certain compound derivatives. It also resolves presentation mismatches for certain foreign currency hedging relationships. The amendments in this update are effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The Company does not expect this ASU to have a material impact on the Company's consolidated financial statements.

## NOTE 4. INVESTMENT SECURITIES

The following tables summarize the amortized cost and fair value of securities available for sale and held to maturity, with gross unrealized gains and losses at the dates indicated:

| *(In thousands)* | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|---|---|---|---|
| **June 30, 2026** | | | | |
| Securities Available for Sale | | | | |
| U.S. Government and government-sponsored enterprise obligations | $ 89,867 | $ 17 | $ (5,120) | $ 84,764 |
| Municipal securities | 7,588 | — | (484) | 7,104 |
| Mortgage-backed securities[(1)] | 236,183 | 385 | (13,345) | 223,223 |
| Total securities available for sale | $ 333,638 | $ 402 | $ (18,949) | $ 315,091 |
| Securities Held to Maturity | | | | |
| Corporate bonds | $ 500 | $ — | $ (41) | $ 459 |
| Subordinated debt securities | 12,000 | 8 | (245) | 11,763 |
| Total securities held to maturity | $ 12,500 | $ 8 | $ (286) | $ 12,222 |

| *(In thousands)* | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|---|---|---|---|
| **December 31, 2025** | | | | |
| Securities Available for Sale | | | | |
| U.S. Government and government-sponsored enterprise obligations | $ 92,844 | $ 157 | $ (4,810) | $ 88,191 |
| Municipal securities | 7,607 | 1 | (458) | 7,150 |
| Mortgage-backed securities[(1)] | 184,801 | 986 | (11,989) | 173,798 |
| Total securities available for sale | $ 285,252 | $ 1,144 | $ (17,257) | $ 269,139 |
| Securities Held to Maturity | | | | |
| Corporate bonds | $ 500 | $ — | $ (35) | $ 465 |
| Subordinated debt securities | 12,500 | 14 | (378) | 12,136 |
| Total securities held to maturity | $ 13,000 | $ 14 | $ (413) | $ 12,601 |

[(1)] Mortgage-backed securities are issued by government-sponsored enterprises or federal agencies.

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

Management determined there was no allowance for credit losses ("ACL") required for securities available for sale and securities held to maturity as of June 30, 2026 or December 31, 2025.

The amortized cost and fair value of debt securities by contractual maturity at June 30, 2026 follows. Expected maturities will differ from contractual maturities because the issuers have, in certain instances, the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

| | Available for Sale | | Held to Maturity | |
|---|---|---|---|---|
| *(In thousands)* | Amortized Cost | Fair Value | Amortized Cost | Fair Value |
| **June 30, 2026** | | | | |
| Within 1 year | $ 12,232 | $ 12,093 | $ 1,000 | $ 1,008 |
| After 1 year through 5 years | 68,203 | 64,557 | 3,000 | 2,967 |
| After 5 years through 10 years | 12,988 | 11,503 | 5,000 | 4,788 |
| Over 10 years | 4,032 | 3,715 | 3,500 | 3,459 |
| Total securities with defined maturities | 97,455 | 91,868 | 12,500 | 12,222 |
| Mortgage-backed securities | 236,183 | 223,223 | — | — |
| Total | $ 333,638 | $ 315,091 | $ 12,500 | $ 12,222 |

Investment securities with a carrying value of $92.1 million and $78.5 million were pledged as collateral at June 30, 2026 and December 31, 2025, respectively, for borrowings available through the Federal Reserve Bank of Boston discount window (see Note 8). Investment securities with a carrying value of $229.9 million and $188.7 million were pledged as collateral at June 30, 2026 and December 31, 2025, respectively, for borrowings available with the Federal Home Loan Bank (see Note 8).

During the three and six months ended June 30, 2026, there were no sales of securities available for sale. During the three and six months ended June 30, 2025, proceeds from sales of securities available for sale amounted to $400 thousand and $8.3 million, respectively. During the three and six months ended June 30, 2026, there were no gross gains or losses. During the three months ended June 30, 2025, there were gross losses of $78 thousand and no gross gains. During the six months ended June 30, 2025 there were gross losses of $619 thousand and no gross gains.

The following table summarizes securities in an unrealized loss position for which an ACL has not been recorded. Information pertaining to securities with gross unrealized losses at June 30, 2026 and December 31, 2025 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

| | Less Than Twelve Months | | Twelve Months or Greater | | Total | |
|---|---|---|---|---|---|---|
| *(In thousands)* | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value |
| **June 30, 2026** | | | | | | |
| Securities Available for Sale | | | | | | |
| U.S. Government and government-sponsored enterprise obligations | $ 160 | $ 3,570 | $ 4,960 | $ 67,172 | $ 5,120 | $ 70,742 |
| Municipal securities | 9 | 1,010 | 475 | 4,094 | 484 | 5,104 |
| Mortgage-backed securities | 1,238 | 103,020 | 12,107 | 72,477 | 13,345 | 175,497 |
| Total securities available for sale | $ 1,407 | $ 107,600 | $ 17,542 | $ 143,743 | $ 18,949 | $ 251,343 |

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

| *(In thousands)* | Less Than Twelve Months Gross Unrealized Losses | Less Than Twelve Months Fair Value | Twelve Months or Greater Gross Unrealized Losses | Twelve Months or Greater Fair Value | Total Gross Unrealized Losses | Total Fair Value |
|---|---|---|---|---|---|---|
| **December 31, 2025** | | | | | | |
| Securities Available for Sale | | | | | | |
| U.S. Government and government-sponsored enterprise obligations | $ — | $ — | $ 4,810 | $ 72,028 | $ 4,810 | $ 72,028 |
| Municipal securities | — | — | 458 | 5,149 | 458 | 5,149 |
| Mortgage-backed securities | 111 | 16,478 | 11,878 | 84,462 | 11,989 | 100,940 |
| Total securities available for sale | $ 111 | $ 16,478 | $ 17,146 | $ 161,639 | $ 17,257 | $ 178,117 |

The unrealized losses on the Company's available for sale mortgage-backed securities (MBS) and debt securities have not been recognized into income because management does not intend to sell, nor does it anticipate that it will be required to sell, any of the available for sale securities before recovery of its amortized cost basis. Furthermore, the unrealized losses were due to changes in market interest rates and other market conditions, were not reflective of credit events, and the issuers continue to make timely principal and interest payments on the MBS and debt security instruments. Agency-backed and government-sponsored enterprise securities have a long history with no credit losses, including during times of severe stress. The principal and interest payments on agency guaranteed debt and MBS are backed by the U.S. government. Government-sponsored enterprises similarly guarantee principal and interest payments and carry an implicit guarantee from the U.S. Department of the Treasury. Additionally, government-sponsored enterprise securities are exceptionally liquid, readily marketable, and provide a substantial amount of price transparency and price parity, indicating a perception of zero credit risk. The Company's unrealized losses from municipal bonds were due to changes in the market interest rate environment and not reflective of credit events. The issuers of these bonds are all Massachusetts based and have no history of credit losses. The contractual terms of these investments do not permit the issuers to settle the security at a price less than the par value of the investments. The Company does not believe it is probable that it will be unable to collect all amounts due according to the contractual terms of the municipal bonds.

Held to maturity corporate bond and subordinated debt holdings are comprised of high credit quality financial institutions. High credit quality corporate bonds and subordinated debt obligations have a history of zero to near-zero credit loss. Corporate bonds are primarily comprised of well capitalized and strong performing financial institutions. Accordingly, the Company determined that the expected credit loss on its held to maturity portfolio was immaterial, and therefore, an allowance was not carried on its held to maturity debt securities at June 30, 2026 and December 31, 2025.

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

## NOTE 5. LOANS AND ALLOWANCE FOR CREDIT LOSSES

The composition of net loans as of June 30, 2026 and December 31, 2025 was as follows:

| *(In thousands)* | June 30, 2026 | December 31, 2025 |
|---|---|---|
| **Real estate loans** | | |
| One to four family residential | $ 517,975 | $ 518,225 |
| Home equity and second mortgages | 82,886 | 78,350 |
| Commercial real estate | 540,209 | 534,855 |
| Commercial real estate multi-family | 103,477 | 104,695 |
| Construction & land | 45,928 | 57,005 |
| Total real estate loans | 1,290,475 | 1,293,130 |
| **Commercial loans** | | |
| Condominium associations | 494,331 | 506,683 |
| Other commercial & industrial | 469,491 | 491,765 |
| PPP loans | — | 11 |
| Total commercial loans | 963,822 | 998,459 |
| **Consumer loans** | | |
| Consumer | 3,082 | 3,877 |
| Total consumer loans | 3,082 | 3,877 |
| Total loans | 2,257,379 | 2,295,466 |
| Allowance for credit losses | (23,926) | (22,018) |
| Net deferred loan costs | 3,164 | 3,000 |
| Loans, net | $ 2,236,617 | $ 2,276,448 |

The Company manages its loan portfolio proactively to effectively identify problem credits and assess trends early, implement effective work-out strategies, and take charge-offs as promptly as practical. In addition, the Company continuously reassesses its underwriting standards in response to credit risk posed by changes in economic conditions. The Company monitors and manages credit risk through the following governance structure: The Chief Credit Officer ("CCO") maintains the Credit Risk Rating System, which is comprised of 10 levels of risk, inclusive of 5 Criticized and Classified ratings that align with regulatory definitions of Special Mention, Substandard, Doubtful and Loss. The CCO or the Credit Manager reviews all recommended risk rating changes and controls the final assessment of risk rating. The Company maintains a Loan Review Policy which addresses internal and external review requirements and process, which is approved annually by the Board of Director's Risk Committee and the Board of Directors. The CCO provides quarterly reporting and updates to the Risk Committee, including the presentation of the ACL calculation and balance.

For purposes of determining the ACL on loans, the Company disaggregates its loans into portfolio segments. Each portfolio segment possesses unique risk characteristics that are considered when determining the appropriate level of allowance. As of June 30, 2026 and December 31, 2025, the Company's loan portfolio segments, as determined based on the unique risk characteristics of each, included the following:

*One to Four Family Residential:* Loans in this segment consist of 1-4 family residential real estate loans. The Company generally does not originate loans with a loan-to-value ratio greater than 80 percent and does not generally grant loans that would be classified as subprime upon origination. Loans in this segment are collateralized by owner-occupied residential real estate and repayment is dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this segment, along with impacts from higher interest rates on adjustable rate loans.

*Home Equity and Second Mortgages:* The Company generally has first or second liens on the property securing the loans in this segment and repayment is dependent on the credit quality of the individual borrower.

*Commercial Real Estate (CRE):* Loans in this segment are primarily owner-occupied or income-producing properties. The underlying cash flows generated by the properties are adversely impacted by a downturn in the economy, which in turn, will have an effect on the credit quality in this segment.

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

*Commercial Real Estate Multi-Family (CRE MF):* Loans in this segment are primarily income-producing properties. The underlying cash flows generated by the properties are impacted by the economy and vacancy rates, which thus will have an effect on the credit quality in this segment. Credit quality can also be impacted by the effects of interest rate increases on maturing loans and by changes in occupancy for income-producing properties.

*Construction & Land:* Loans in this segment include speculative construction loans for residential properties, construction loans for commercial properties and land loans for residential or commercial development for which payment is derived from sale of the property. Credit risk is affected by cost overruns, time to sell at an adequate price, and market conditions.

*Condominium Associations:* Loans in this segment are secured by the assignment of association fees and dues paid by the individual condominium unit owners. The funds are typically used for major improvements and repairs to the structures, landscape and parking lots or garages, and are repaid over 5 to 30 years. This portfolio has experienced almost no delinquency, with no nonaccruals or charge-offs since the Company has entered this niche. Credit quality would be affected if there is a significant population decline locally or regionally.

*Other Commercial & Industrial:* Loans in this segment are made to businesses and are generally secured by assets of the business such as accounts receivable, inventory, marketable securities, other liquid collateral, equipment and other business assets. Repayment is expected from the cash flows of the business. Loans in this segment also include business manager loans, which are actively followed borrowing base lines of credit, secured by accounts receivable that have been purchased from the bank's customer with recourse. A weakened economy, and resultant decreased consumer spending, will have an effect on the credit quality in this segment.

*Paycheck Protection Program (PPP) Loans:* Loans in this segment are unsecured business term loans 100 percent guaranteed by the Small Business Administration (SBA) under the PPP. Repayment is dependent on the credit quality of the business borrower and the SBA honoring its guaranty.

*Consumer:* Loans in this segment primarily consist of personal loans that are fully amortizing over a fixed term, such as auto loans, education loans, or home improvement loans. This segment also includes personal lines of credit. These loans may be secured or unsecured. The overall health of the economy, including unemployment rates and the credit quality of the individual borrower, will have an effect on the credit quality in this segment.

The following tables present the activity in the ACL by portfolio segment for the three months ended June 30, 2026 and 2025:

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

| *(In thousands)* | Balance March 31, 2026 | Credit loss expense / (reversal) | Loans charged-off | Recoveries | Balance June 30, 2026 |
|---|---|---|---|---|---|
| **Three Months Ended June 30, 2026** | | | | | |
| **Real estate loans** | | | | | |
| One to four family residential | $ 3,372 | $ 24 | $ — | $ — | $ 3,396 |
| Home equity and second mortgages | 374 | (6) | — | 1 | 369 |
| Commercial real estate | 6,116 | 857 | — | — | 6,973 |
| Commercial real estate multi-family | 1,111 | (9) | — | — | 1,102 |
| Construction & land | 424 | (499) | — | 479 | 404 |
| Total real estate loans | 11,397 | 367 | — | 480 | 12,244 |
| **Commercial loans** | | | | | |
| Condominium associations | 2,855 | (46) | — | — | 2,809 |
| Other commercial & industrial | 8,426 | 441 | (75) | 7 | 8,799 |
| Total commercial loans | 11,281 | 395 | (75) | 7 | 11,608 |
| **Consumer loans** | | | | | |
| Consumer | 83 | (14) | — | 5 | 74 |
| Credit cards | — | (3) | — | 3 | — |
| Total consumer loans | 83 | (17) | — | 8 | 74 |
| **Total ACL on loans:** | $ 22,761 | $ 745 | $ (75) | $ 495 | $ 23,926 |

| *(In thousands)* | Balance March 31, 2025 | Credit loss expense / (reversal) | Loans charged-off | Recoveries | Balance June 30, 2025 |
|---|---|---|---|---|---|
| **Three Months Ended June 30, 2025** | | | | | |
| **Real estate loans** | | | | | |
| One to four family residential | $ 2,363 | $ 262 | $ — | $ — | $ 2,625 |
| Home equity and second mortgages | 192 | 17 | — | 1 | 210 |
| Commercial real estate | 7,946 | (230) | — | 25 | 7,741 |
| Commercial real estate multi-family | 316 | 3 | — | — | 319 |
| Construction & land | 442 | 1,117 | — | — | 1,559 |
| Total real estate loans | 11,259 | 1,169 | — | 26 | 12,454 |
| **Commercial loans** | | | | | |
| Condominium associations | 2,311 | (10) | — | — | 2,301 |
| Other commercial & industrial | 8,164 | 376 | (18) | 38 | 8,560 |
| PPP loans | 2 | (1) | — | — | 1 |
| Total commercial loans | 10,477 | 365 | (18) | 38 | 10,862 |
| **Consumer loans** | | | | | |
| Consumer | 112 | (7) | — | 4 | 109 |
| Credit cards | 1 | (4) | — | 3 | — |
| Total consumer loans | 113 | (11) | — | 7 | 109 |
| **Total ACL on loans:** | $ 21,849 | $ 1,523 | $ (18) | $ 71 | $ 23,425 |

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

The following tables present the activity in the ACL by portfolio segment for the six months ended June 30, 2026 and 2025:

| *(In thousands)* | Balance December 31, 2025 | Credit loss expense / (reversal) | Loans charged-off | Recoveries | Balance June 30, 2026 |
|---|---|---|---|---|---|
| **Six Months Ended June 30, 2026** | | | | | |
| **Real estate loans** | | | | | |
| One to four family residential | $ 3,437 | $ (41) | $ — | $ — | $ 3,396 |
| Home equity and second mortgages | 336 | 31 | — | 2 | 369 |
| Commercial real estate | 5,872 | 1,101 | — | — | 6,973 |
| Commercial real estate multi-family | 984 | 118 | — | — | 1,102 |
| Construction & land | 390 | (540) | — | 554 | 404 |
| Total real estate loans | 11,019 | 669 | — | 556 | 12,244 |
| **Commercial loans** | | | | | |
| Condominium associations | 2,967 | (158) | — | — | 2,809 |
| Other commercial & industrial | 7,939 | 1,082 | (252) | 30 | 8,799 |
| Total commercial loans | 10,906 | 924 | (252) | 30 | 11,608 |
| **Consumer loans** | | | | | |
| Consumer | 93 | 17 | (44) | 8 | 74 |
| Credit cards | — | (6) | — | 6 | — |
| Total consumer loans | 93 | 11 | (44) | 14 | 74 |
| **Total ACL on loans:** | $ 22,018 | $ 1,604 | $ (296) | $ 600 | $ 23,926 |

| *(In thousands)* | Balance December 31, 2024 | Credit loss expense / (reversal) | Loans charged-off | Recoveries | Balance June 30,2025 |
|---|---|---|---|---|---|
| **Six Months Ended June 30, 2025** | | | | | |
| **Real estate loans** | | | | | |
| One to four family residential | $ 2,364 | $ 261 | $ — | $ — | $ 2,625 |
| Home equity and second mortgages | 189 | 19 | — | 2 | 210 |
| Commercial real estate | 7,522 | 184 | — | 35 | 7,741 |
| Commercial real estate multi-family | 326 | (7) | — | — | 319 |
| Construction & land | 586 | 17,722 | (16,749) | — | 1,559 |
| Total real estate loans | 10,987 | 18,179 | (16,749) | 37 | 12,454 |
| **Commercial loans** | | | | | |
| Condominium associations | 2,839 | (538) | — | — | 2,301 |
| Other commercial & industrial | 7,889 | 1,080 | (462) | 53 | 8,560 |
| PPP loans | — | 1 | — | — | 1 |
| Total commercial loans | 10,728 | 543 | (462) | 53 | 10,862 |
| **Consumer loans** | | | | | |
| Consumer | 26 | 114 | (38) | 7 | 109 |
| Credit cards | — | (8) | — | 8 | — |
| Total consumer loans | 26 | 106 | (38) | 15 | 109 |
| **Total ACL on loans:** | $ 21,741 | $ 18,828 | $ (17,249) | $ 105 | $ 23,425 |

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

Management evaluates the need for a reserve on unfunded lending commitments in a manner consistent with loans held for investment. The Company's estimated reserve for unfunded commitments amounted to $1.1 million and $693 thousand at June 30, 2026 and December 31, 2025 respectively. The Company's ACL on unfunded commitments is recognized as a liability and is included in accrued expenses and other liabilities on the consolidated balance sheets.

**Credit Quality Indicators**

To further identify loans with similar risk profiles, the Company categorizes each portfolio segment into classes by credit risk characteristic and applies a credit quality indicator to each portfolio segment. The indicators for commercial and commercial real estate segments are represented by Grades 1 through 10 as outlined below. In general, risk ratings are adjusted periodically throughout the year as updated analysis and review warrants. This process may include, but is not limited to, annual credit and loan reviews, periodic reviews of loan performance metrics, such as delinquency rates, and quarterly reviews of adversely risk rated loans. The Company uses the following definitions when assessing grades for the purpose of evaluating the risk and adequacy of the ACL on loans:

*Loans rated 1 – 5*: Loans in these categories are considered “pass” rated loans with low to average risk.

*Loans rated M*: Loans in this category are typically smaller loans that have met the Company’s underwriting criteria and are monitored based on repayment history. Financial statements and other data may or may not be requested from the borrower.

*Loans rated P*: Loans in this category are considered 100 percent SBA guaranteed loans issued under the SBA's PPP.

*Loans rated 6 – 7*: Loans in this category are considered “marginally acceptable” and “special mention” respectively. These loans are starting to show signs of potential weakness and are being closely monitored by management.

*Loans rated 8*: Loans in this category are considered “substandard.” Generally, a loan is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligors and/or the collateral pledged. There is a distinct possibility that the Company will sustain some loss if the weakness is not corrected.

*Loans rated 9*: Loans in this category are considered “doubtful.” Loans classified as doubtful have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, highly questionable and improbable. All loans rated 9 are individually evaluated.

*Loans rated 10*: Loans in this category are considered uncollectible and of such little value that their continuance as a loan asset is not warranted.

On an annual basis, or more often if needed, the Company formally reviews the ratings on substantially all commercial real estate, construction, and commercial loans. Annually, the Company engages an independent third-party to review a significant portion of loans within these segments. Management uses the results of these reviews as part of its annual review process. Loans considered transactional in nature, such as residential and consumer are reviewed on an exception basis with emphasis placed on debt repayment performance.

The Company periodically reassesses asset quality indicators to appropriately reflect the risk composition of the Company’s loan portfolio. Home equity and consumer loans are not individually risk rated, but rather analyzed as groups taking into account delinquency rates and other economic conditions that may affect the ability of borrowers to meet debt service requirements, including interest rates and energy costs. Performing loans include loans that are current and loans that are past due less than 90 days. Loans that are past due 90 days or more and nonaccrual loans are considered nonperforming.

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

The risk ratings within the loan portfolio and current period charge-offs for the six months ended June 30, 2026, by loan segment and origination year were as follows:

| | Term Loans Amortized Cost Basis by Origination Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *(In thousands)* | **2026** | **2025** | **2024** | **2023** | **2022** | **Prior** | **Revolving Loans** | **Total** |
| **June 30, 2026** | | | | | | | | |
| **One to four family residential:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 38,957 | $ 52,947 | $ 27,086 | $ 63,470 | $ 126,762 | $ 208,753 | $ — | $ 517,975 |
| **Total** | $ 38,957 | $ 52,947 | $ 27,086 | $ 63,470 | $ 126,762 | $ 208,753 | $ — | $ 517,975 |
| Current period gross charge-offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| **Home equity and second mortgages:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 392 | $ 134 | $ 737 | $ 1,354 | $ 1,076 | $ 2,377 | $ 76,816 | $ 82,886 |
| **Total** | $ 392 | $ 134 | $ 737 | $ 1,354 | $ 1,076 | $ 2,377 | $ 76,816 | $ 82,886 |
| Current period gross charge-offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| **Commercial real estate:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 26,417 | 86,576 | 49,009 | $ 20,421 | $ 84,644 | $ 240,282 | $ — | $ 507,349 |
| Special Mention (6-7) | — | — | — | — | 13,613 | 12,213 | — | 25,826 |
| Substandard (8) | — | — | — | — | — | 7,034 | — | 7,034 |
| **Total** | $ 26,417 | $ 86,576 | $ 49,009 | $ 20,421 | $ 98,257 | $ 259,529 | $ — | $ 540,209 |
| Current period gross charge-offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| **Commercial real estate multi-family:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 4,529 | $ 25,532 | $ 6,835 | $ 9,478 | $ 18,672 | $ 38,431 | $ — | $ 103,477 |
| **Total** | $ 4,529 | $ 25,532 | $ 6,835 | $ 9,478 | $ 18,672 | $ 38,431 | $ — | $ 103,477 |
| Current period gross charge-offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| **Construction & land:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 1,043 | $ 10,715 | $ 9,386 | $ 320 | $ 13,840 | $ 273 | $ 2,948 | $ 38,525 |
| Special Mention (6-7) | — | — | — | — | 7,403 | — | — | 7,403 |
| **Total** | $ 1,043 | $ 10,715 | $ 9,386 | $ 320 | $ 21,243 | $ 273 | $ 2,948 | $ 45,928 |
| Current period gross charge-off | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| **Condominium associations:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 11,452 | $ 19,310 | $ 8,723 | $ 37,382 | $ 230,674 | $ 186,790 | $ — | $ 494,331 |
| **Total** | $ 11,452 | $ 19,310 | $ 8,723 | $ 37,382 | $ 230,674 | $ 186,790 | $ — | $ 494,331 |
| Current period gross charge-off | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| **Other commercial & industrial:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 20,814 | $ 39,153 | $ 42,893 | $ 37,410 | $ 44,036 | $ 144,844 | $ 102,235 | $ 431,385 |
| Special Mention (6-7) | 532 | — | — | — | 12 | 8,089 | 3,309 | 11,942 |
| Substandard (8) | — | 4,312 | — | — | — | 3,871 | 13,103 | 21,286 |
| Doubtful (9) | — | — | 449 | 1,355 | — | 3,074 | — | 4,878 |
| **Total** | $ 21,346 | $ 43,465 | $ 43,342 | $ 38,765 | $ 44,048 | $ 159,878 | $ 118,647 | $ 469,491 |
| Current period gross charge-off | $ — | $ — | $ 57 | $ — | $ — | $ 146 | $ 49 | $ 252 |
| **Consumer:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 350 | $ 437 | $ 398 | $ 572 | $ 226 | $ 1,009 | $ 90 | $ 3,082 |
| **Total** | $ 350 | $ 437 | $ 398 | $ 572 | $ 226 | $ 1,009 | $ 90 | $ 3,082 |
| Current period gross charge-offs | $ — | $ — | $ 3 | $ — | $ 2 | $ 39 | $ — | $ 44 |

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

The risk ratings within the loan portfolio and current period charge-offs for the year ended December 31, 2025, by loan segment and origination year were as follows:

| | Term Loans Amortized Cost Basis by Origination Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *(In thousands)* | **2025** | **2024** | **2023** | **2022** | **2021** | **Prior** | **Revolving Loans** | **Total** |
| **December 31, 2025** | | | | | | | | |
| **One to four family residential:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 55,170 | $ 38,384 | $ 71,586 | $ 131,680 | $ 85,884 | $ 135,521 | $ — | $ 518,225 |
| **Total** | $ 55,170 | $ 38,384 | $ 71,586 | $ 131,680 | $ 85,884 | $ 135,521 | $ — | $ 518,225 |
| Current period gross charge-offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| **Home equity and second mortgages:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 196 | $ 754 | $ 1,407 | $ 725 | $ 141 | $ 1,278 | $ 73,849 | $ 78,350 |
| **Total** | $ 196 | $ 754 | $ 1,407 | $ 725 | $ 141 | $ 1,278 | $ 73,849 | $ 78,350 |
| Current period gross charge-offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| **Commercial real estate:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 86,362 | 51,376 | 23,474 | $ 82,940 | $ 85,395 | $ 161,894 | $ — | $ 491,441 |
| Special Mention (6-7) | — | — | — | 17,115 | 855 | 17,551 | — | 35,521 |
| Substandard (8) | — | — | — | 248 | 1,519 | 6,126 | — | 7,893 |
| **Total** | $ 86,362 | $ 51,376 | $ 23,474 | $ 100,303 | $ 87,769 | $ 185,571 | $ — | $ 534,855 |
| Current period gross charge-offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| **Commercial real estate multi-family:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 25,422 | $ 7,818 | $ 9,922 | $ 17,520 | $ 15,533 | $ 27,030 | $ — | $ 103,245 |
| Special Mention (6-7) | — | — | — | 1,450 | — | — | — | 1,450 |
| **Total** | $ 25,422 | $ 7,818 | $ 9,922 | $ 18,970 | $ 15,533 | $ 27,030 | $ — | $ 104,695 |
| Current period gross charge-offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| **Construction & land:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 10,201 | $ 9,290 | $ 1,648 | $ 13,848 | $ — | $ 280 | $ 7,805 | $ 43,072 |
| Special Mention (6-7) | — | — | — | 7,455 | — | — | — | 7,455 |
| Substandard (8) | — | — | 1,052 | — | — | — | — | 1,052 |
| Doubtful (9) | — | — | 5,426 | — | — | — | — | 5,426 |
| **Total** | $ 10,201 | $ 9,290 | $ 8,126 | $ 21,303 | $ — | $ 280 | $ 7,805 | $ 57,005 |
| Current period gross charge-off | $ — | $ — | $ 19,202 | $ — | $ — | $ — | $ — | $ 19,202 |
| **Condominium associations:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 16,793 | $ 9,222 | $ 46,244 | $ 238,879 | $ 85,208 | $ 110,337 | $ — | $ 506,683 |
| **Total** | $ 16,793 | $ 9,222 | $ 46,244 | $ 238,879 | $ 85,208 | $ 110,337 | $ — | $ 506,683 |
| Current period gross charge-off | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| **Other commercial & industrial:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 40,885 | $ 50,576 | $ 39,909 | $ 48,940 | $ 47,271 | $ 115,826 | $ 103,447 | $ 446,854 |
| Special Mention (6-7) | — | — | — | 1,117 | 5,759 | 3,744 | 28,190 | 38,810 |
| Substandard (8) | 12 | — | — | — | — | 787 | 452 | 1,251 |
| Doubtful (9) | — | 299 | 1,338 | — | — | 3,213 | — | 4,850 |
| **Total** | $ 40,897 | $ 50,875 | $ 41,247 | $ 50,057 | $ 53,030 | $ 123,570 | $ 132,089 | $ 491,765 |
| Current period gross charge-off | $ — | $ 280 | $ 14 | $ 468 | $ 11 | $ 1,535 | $ 334 | $ 2,642 |
| **PPP loans:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ — | $ — | $ — | $ — | $ 11 | $ — | $ — | $ 11 |
| **Total** | $ — | $ — | $ — | $ — | $ 11 | $ — | $ — | $ 11 |
| Current period gross charge-offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| **Consumer:** | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass (Rated 1-5, M, P) | $ 733 | $ 521 | $ 912 | $ 362 | $ 77 | $ 1,179 | $ 93 | $ 3,877 |
| **Total** | $ 733 | $ 521 | $ 912 | $ 362 | $ 77 | $ 1,179 | $ 93 | $ 3,877 |
| Current period gross charge-offs | $ — | $ — | $ — | $ — | $ — | $ 37 | $ 1 | $ 38 |

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

Commercial loans include factored accounts receivable in the recorded amount of $3.5 million and $2.2 million at June 30, 2026 and December 31, 2025, respectively, which is gross of cash reserves. At June 30, 2026 and December 31, 2025, cash reserves established from purchase price adjustments in total were $497 thousand and $352 thousand, respectively. The aging status of these loans and underlying receivables is not presented in the delinquency and nonaccrual disclosure tables. The financing agreements permit the Company to create and maintain from the purchase price of funded receivables a cash reserve in an operating deposit account controlled by the Company. The amount of the cash reserve is determined based on the risk profile of the borrower and the aging of outstanding funded accounts receivable. The Company may require borrowers to repurchase any funded accounts receivable that remains unpaid following 120 days after its invoice date.

At June 30, 2026 and December 31, 2025, funded accounts receivable unpaid 120 days or more in total were $1.3 million and $1.2 million, respectively. The Company recorded a specific reserve on these accounts. As of June 30, 2026, the allowance for credit losses related to these accounts was $159 thousand. There were no impairments as of December 31, 2025.

The following table presents the amortized cost basis of loans on nonaccrual status as of the dates presented. There were no loans past due 90 days or more and still accruing as of June 30, 2026. As of December 31, 2025, there was one loan with a balance of $2 thousand past due 90 days or more and still accruing. The Company did not recognize any interest income on nonaccrual loans during the three and six months ended June 30, 2026 and 2025.

| | June 30, 2026 | |
|---|---|---|
| *(In thousands)* | Nonaccrual with No ACL | Total Nonaccrual |
| Home equity and second mortgages | $ 139 | $ 139 |
| One to four family residential | 181 | 181 |
| Commercial real estate | — | 5,952 |
| Other commercial & industrial | 1,726 | 10,642 |
| Total | $ 2,046 | $ 16,914 |

| | December 31, 2025 | |
|---|---|---|
| *(In thousands)* | Nonaccrual with No ACL | Total Nonaccrual |
| One to four family residential | $ 720 | $ 720 |
| Commercial real estate | — | 6,126 |
| Construction & land | 6,478 | 6,478 |
| Other commercial & industrial | 1,776 | 6,884 |
| Total | $ 8,974 | $ 20,208 |

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

The following is an aging analysis of past due loans (including nonaccrual) as of the balance sheet dates, by portfolio segment:

| *(In thousands)* | Loans Receivable (Amortized Cost) | Current | 30-89 Days Past Due | 90 Days or More Past Due | Total Past Due |
|---|---|---|---|---|---|
| **June 30, 2026** | | | | | |
| One to four family residential | $ 517,975 | $ 515,400 | 2,508 | $ 67 | $ 2,575 |
| Home equity and second mortgages | 82,886 | 82,547 | 339 | — | 339 |
| Commercial real estate | 540,209 | 540,209 | — | — | — |
| Commercial real estate multi-family | 103,477 | 103,477 | — | — | — |
| Construction & land | 45,928 | 45,928 | — | — | — |
| Condominium associations | 494,331 | 494,331 | — | — | — |
| Other commercial & industrial | 469,491 | 460,071 | 4,557 | 4,863 | 9,420 |
| Consumer | 3,082 | 3,077 | 5 | — | 5 |
| Total loans | $ 2,257,379 | $ 2,245,040 | $ 7,409 | $ 4,930 | $ 12,339 |

| *(In thousands)* | Loans Receivable (Amortized Cost) | Current | 30-89 Days Past Due | 90 Days or More Past Due | Total Past Due |
|---|---|---|---|---|---|
| **December 31, 2025** | | | | | |
| One to four family residential | $ 518,225 | $ 514,916 | $ 2,589 | $ 720 | $ 3,309 |
| Home equity and second mortgages | 78,350 | 77,953 | 397 | — | 397 |
| Commercial real estate | 534,855 | 534,855 | — | — | — |
| Commercial real estate multi-family | 104,695 | 104,695 | — | — | — |
| Construction & land | 57,005 | 50,527 | — | 6,478 | 6,478 |
| Condominium associations | 506,683 | 506,683 | — | — | — |
| Other commercial & industrial | 491,765 | 491,154 | 59 | 552 | 611 |
| PPP loans | 11 | 11 | — | — | — |
| Consumer | 3,877 | 3,818 | 57 | 2 | 59 |
| Total loans | $ 2,295,466 | $ 2,284,612 | $ 3,102 | $ 7,752 | $ 10,854 |

For all loan segments, loans over 30 days contractually past due are considered delinquent.

The following table presents the amortized cost basis of collateral-dependent loans by collateral type as of the balance sheet dates:

| *(In thousands)* | Real Estate | All Business Assets | All Business Assets and Real Estate | Accounts Receivable and Real Estate | Total |
|---|---|---|---|---|---|
| **June 30, 2026** | | | | | |
| Home equity and second mortgages | $ 139 | $ — | $ — | $ — | $ 139 |
| One to four family residential | 181 | — | — | — | 181 |
| Commercial real estate | 7,034 | — | — | — | 7,034 |
| Other commercial & industrial | — | 133 | 1,388 | 336 | 1,857 |
| Total | $ 7,354 | $ 133 | $ 1,388 | $ 336 | $ 9,211 |

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

| *(In thousands)* | Real Estate | All Business Assets | All Business Assets and Real Estate | Accounts Receivable | Total |
|---|---|---|---|---|---|
| **December 31, 2025** | | | | | |
| One to four family residential | $ 761 | $ — | $ — | $ — | $ 761 |
| Commercial real estate | 6,126 | — | — | — | 6,126 |
| Construction & land | 6,478 | — | — | — | 6,478 |
| Other commercial & industrial | — | 162 | 1,390 | 261 | 1,813 |
| Total | $ 13,365 | $ 162 | $ 1,390 | $ 261 | $ 15,178 |

Collateral-dependent loans are loans for which the repayment is expected to be provided substantially by the underlying collateral and there are no other available and reliable sources of repayment.

***Modified Loans***

Occasionally, the Company modifies loans to borrowers in financial distress by providing principal forgiveness, term extension, an other-than-insignificant payment delay or interest rate reduction. When principal forgiveness is provided, the amount of forgiveness is charged-off against the ACL.

In some cases, the Company provides multiple types of concessions on one loan. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted. For loans included in a "combination" column, multiple types of modifications have been made on the same loan within the current reporting period.

There were no loans modified to borrowers experiencing financial difficulty during the three and six months ended June 30, 2026. The following tables present the amortized cost basis of loans as of June 30, 2025, that were both experiencing financial difficulty and modified during the three and six months ended June 30, 2025, respectively by class and by type of modification. Only segments displayed in the table below have modified loans; there were no other loans experiencing financial difficulty and modified. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below.

| *(Dollars in thousands)* | Principal Re-Advance | Combination Payment Delay and Term Extension | Percent of Loan Segment |
|---|---|---|---|
| **Three Months Ended June 30, 2025** | | | |
| Other commercial & industrial | $ 3,344 | $ 19 | 0.67% |
| Total | $ 3,344 | $ 19 | 0.15% |

| *(Dollars in thousands)* | Payment Delay | Principal Re-Advance | Combination Payment Delay and Term Extension | Percent of Loan Segment |
|---|---|---|---|---|
| **Six Months Ended June 30, 2025** | | | | |
| Commercial real estate | $ 1,904 | $ — | $ — | 0.37% |
| Other commercial and industrial | 354 | 3,344 | 19 | 0.74% |
| Total | $ 2,258 | $ 3,344 | $ 19 | 0.25% |

The Company does not have any additional commitments to the borrowers included in the previous tables.

For the three and six months ended June 30, 2025, modifications related to payment delays had minimal financial effect. The following tables present the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the three and six months ended June 30, 2025.

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

| | Weighted-Average Term Extension (months) |
|---|---|
| **Three Months Ended June 30, 2025** | |
| Other commercial & industrial | 39 |

| | Weighted-Average Term Extension (months) |
|---|---|
| **Six Months Ended June 30, 2025** | |
| Other commercial & industrial | 39 |

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to evaluate the effectiveness of its modification efforts. The following tables present the performance of such loans that have been modified in the last 12 months as of June 30, 2026 and 2025.

| *(In thousands)* | 30 - 59 Days Past Due | 60 - 89 Days Past Due | 90 Days or More Past Due | Total Past Due |
|---|---|---|---|---|
| **June 30, 2026** | | | | |
| Other commercial & industrial | $ — | $ — | $ 4,369 | $ 4,369 |
| Total | $ — | $ — | $ 4,369 | $ 4,369 |

| *(In thousands)* | 30 - 59 Days Past Due | 60 - 89 Days Past Due | 90 Days or More Past Due | Total Past Due |
|---|---|---|---|---|
| **June 30, 2025** | | | | |
| One to four family residential | $ — | $ — | $ 2 | $ 2 |
| Total | $ — | $ — | $ 2 | $ 2 |

The following table presents the amortized cost basis of loans that had a payment default during the three and six months ended June 30, 2026 and 2025, and were modified in the 12 months prior to that default to borrowers experiencing financial difficulty.

| *(In thousands)* | Payment Delay | Total |
|---|---|---|
| **Three Months Ended June 30, 2026** | | |
| Other commercial & industrial | $ 4,369 | $ 4,369 |
| Total: | $ 4,369 | $ 4,369 |

| *(In thousands)* | Payment Delay | Total |
|---|---|---|
| **Three Months Ended June 30, 2025** | | |
| One to four family residential | $ — | $ — |
| Total: | $ — | $ — |

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

| *(In thousands)* | Payment Delay | Total |
|---|---|---|
| **Six Months Ended June 30, 2026** | | |
| Other commercial & industrial | $ 4,369 | $ 4,369 |
| Total: | $ 4,369 | $ 4,369 |

| *(In thousands)* | Payment Delay | Total |
|---|---|---|
| **Six Months Ended June 30, 2025** | | |
| One to four family residential | $ 2 | $ 2 |
| Total: | $ 2 | $ 2 |

Upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the ACL is adjusted by the same amount.

At June 30, 2026, residential real estate loans in process of foreclosure totaled $63 thousand. At December 31, 2025, residential real estate loans in process of foreclosure totaled $153 thousand.

### *Servicing Rights*

The Company has transferred a portion of its originated commercial mortgage loans to participating lenders. The amounts transferred have been accounted for as sales and are therefore not included in the Company's accompanying consolidated balance sheets. The Company and participating lenders share ratably in any gains or losses that may result from a borrower's lack of compliance with contractual terms of the loan. The Company continues to service the loans on behalf of the participating lenders and, as such, collects cash payments from the borrowers, remits payments (net of servicing fees) to participating lenders and disburses required escrow funds to relevant parties. At June 30, 2026 and December 31, 2025, the Company was servicing commercial and commercial mortgage loans for participants aggregating $117.1 million and $123.6 million, respectively.

Residential real estate mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of these loans serviced for others were $254.6 million and $261.1 million at June 30, 2026 and December 31, 2025, respectively. Servicing fee income was $183 thousand and $372 thousand for the three and six months ended June 30, 2026, respectively. Servicing fee income was $206 thousand and $422 thousand for the three and six months ended June 30, 2025, respectively. Certain of these loans were sold with recourse provisions. At June 30, 2026, the related maximum contingent recourse liability was $894 thousand, which is not recorded in the consolidated financial statements.

The Company records mortgage servicing rights ("MSRs") on residential real estate loans sold and serviced for others. The risks inherent in MSRs relate primarily to changes in prepayments that result from shifts in mortgage interest rates. The Company accounts for MSRs at fair value. The Company obtains valuations from independent third parties to determine the fair value of servicing rights. Key assumptions and inputs used in the estimation of fair value include prepayment speeds, discount rates, default rates, cost to service, and contractual servicing fees. At June 30, 2026, the following weighted average assumptions were used in the calculation of fair value of MSRs: prepayment speed 7.09% and discount rate 9.5% to 12.5%.

The following summarizes changes to MSRs:

| *(In thousands)* | Three Months Ended June 30, 2026 | Three Months Ended June 30, 2025 | Six Months Ended June 30, 2026 | Six Months Ended June 30, 2025 |
|---|---|---|---|---|
| Beginning balance | $ 3,086 | $ 3,289 | $ 3,033 | $ 3,488 |
| Payoffs | (55) | (96) | (81) | (152) |
| Changes in fair value | 137 | 60 | 216 | (83) |
| Ending balance | $ 3,168 | $ 3,253 | $ 3,168 | $ 3,253 |

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

## NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS

The Company is party to International Swap and Derivative Association (ISDA) interest rate swap contracts to manage its exposure to interest rate changes. The Company may execute "back-to-back" swap agreements with select commercial banking customers who are eligible and desire to manage their interest rate exposure. Policy also allows the Company to execute macro level swap agreements.

Derivatives Not Designated As Hedges: The Company enters into interest rate swap agreements executed with commercial banking customers to facilitate customer risk management strategies. In addition to the swap agreement with the borrower, the Company enters into a second "back-to-back" swap agreement with a third party; the general terms of this swap mirror those of the first swap agreement. In entering into this transaction, the Company has offset its interest rate risk exposure to the swap agreement with the borrower. All interest rate swaps are valued at observable market prices for similar instruments or observable market interest rates.

Cash Flow Hedges: The Company is party to interest rate swaps and an interest rate cap, to manage its exposure to interest rate changes. The Company had interest rate swaps with notional amounts totaling $60.0 million and $135.0 million as of June 30, 2026 and December 31, 2025, respectively. In April 2026, the Company entered into an interest rate cap with a notional amount of $25 million and a cap rate of 4.50%. The interest rate swaps and interest rate cap were designated as cash flow hedges and were determined to be effective during all periods presented. The Company expects the hedges to remain effective during the remaining terms of the swaps and the cap. Fair value of the contracts are reported on the consolidated balance sheets as an asset or liability, with an offset to accumulated other comprehensive income (AOCI), net of income tax impacts, and with changes reflected in other comprehensive income.

The Company presents derivative positions gross on the consolidated balance sheets. The following table reflects the derivatives recorded on the consolidated balance sheets as of June 30, 2026 and December 31, 2025:

| | June 30, 2026 | | December 31, 2025 | |
|---|---|---|---|---|
| *(In thousands)* | Notional Amount | Fair Value | Notional Amount | Fair Value |
| Included in other assets: | | | | |
| Derivatives designated as hedging instruments: | | | | |
| Interest rate swaps related to FHLB advances and agency securities | $ 60,000 | $ 230 | $ — | $ — |
| Interest rate cap related to FHLB advances | 25,000 | 146 | — | — |
| Derivatives not designated as hedging instruments: | | | | |
| Interest rate swaps related to customer loans | 103,960 | 5,836 | 105,318 | 5,958 |
| Total included in other assets | | $ 6,212 | | $ 5,958 |
| | | | | |
| Included in accrued expense and other liabilities: | | | | |
| Derivatives designated as hedging instruments: | | | | |
| Interest rate swaps related to FHLB advances and agency securities | $ — | $ — | $ 135,000 | $ 391 |
| Derivatives not designated as hedging instruments: | | | | |
| Interest rate swaps related to customer loans | 103,960 | 5,836 | 105,318 | 5,958 |
| Total included in accrued expense and other liabilities | | $ 5,836 | | $ 6,349 |

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

## NOTE 7. DEPOSITS

A summary of deposit balances, by type, is as follows:

| *(In thousands)* | June 30, 2026 | December 31, 2025 |
|---|---|---|
| NOW and demand | $ 1,122,752 | $ 1,130,169 |
| Money market | 279,529 | 250,062 |
| Regular and other savings | 432,310 | 425,400 |
| Total non-certificate accounts | 1,834,591 | 1,805,631 |
| Term certificate accounts of $250,000 and greater | 149,638 | 152,589 |
| Term certificate accounts less than $250,000 | 169,379 | 170,063 |
| Term certificate accounts | 319,017 | 322,652 |
| Total deposits | $ 2,153,608 | $ 2,128,283 |

As of June 30, 2026, the aggregate amount of deposits, excluding subsidiary deposits, that meet or exceed the FDIC insurance limit of $250 thousand was $864.7 million.

Scheduled maturities and weighted average rates of time deposits for the next five years were as follows:

| | June 30, 2026 | | December 31, 2025 | |
|---|---|---|---|---|
| *(Dollars in thousands)* | Amount | Weighted Average Rate | Amount | Weighted Average Rate |
| Within 1 year | $ 272,194 | 3.38% | $ 270,313 | 3.51% |
| Over 1 year to 2 years | 39,734 | 3.65 | 44,029 | 3.71 |
| Over 2 years to 3 years | 3,195 | 3.06 | 3,850 | 3.28 |
| Over 3 years to 4 years | 3,352 | 3.09 | 2,884 | 3.34 |
| Over 4 years to 5 years | 542 | 2.36 | 1,576 | 3.01 |
| Total | $ 319,017 | 3.41% | $ 322,652 | 3.53% |

All deposits are fully insured due to the additional insurance provided to Massachusetts member banks, such as Avidia Bank, under the Depositors Insurance Fund, a private industry-sponsored insurance fund in Massachusetts that insures all deposits at the Company above FDIC limits.

## NOTE 8. FEDERAL HOME LOAN BANK ADVANCES AND OTHER BORROWINGS

FHLB of Boston advances consist of the following:

| | June 30, 2026 | | December 31, 2025 | |
|---|---|---|---|---|
| **Maturity** *(Dollars in thousands)* | **Amount** | **Weighted Average Rate** | **Amount** | **Weighted Average Rate** |
| Within 1 year | $ 160,000 | 4.29% | $ 240,000 | 4.34% |
| Over 1 year to 2 years | — | — | 20,000 | 4.15 |
| Total FHLB advances | $ 160,000 | 4.29% | $ 260,000 | 4.33% |

The Bank also has an available $500 thousand line-of-credit with the FHLB at an interest rate that adjusts daily. There were no advances outstanding under this line-of-credit at June 30, 2026 and December 31, 2025. All borrowings from the FHLB are secured by a blanket lien on the Company's residential real estate loans and certain commercial real estate loans in accordance with the FHLB's policy requirements for qualified collateral.

The Bank also has $25.0 million in available lines-of-credit with correspondent banks. There were no advances outstanding under these lines-of-credit at June 30, 2026 and December 31, 2025.

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

The Bank has agreements with the Federal Reserve Bank of Boston for borrowings at the discount window and through the borrower-in-custody program. The terms of these agreements call for the pledging of assets as security for all obligations of the Bank under these agreements (See Note 4). At June 30, 2026 and December 31, 2025, there were no borrowings outstanding under either agreement.

## NOTE 9. SUBORDINATED DEBT

On May 17, 2022, the Company (as successor to Assabet Valley Bancorp) issued $28.0 million of subordinated debt to institutional investors. The subordinated debt is unsecured and subordinated on liquidation as to principal and interest to all claims against the Company that have the same or higher priority as deposit accounts. The subordinated debt is included in capital of the Bank. At the Company, the subordinated debt is classified as a liability but included in Tier 2 capital for regulatory capital. The Company used the subordinated debt to infuse capital into the Bank in the form of common equity to support capital levels and further growth and for general corporate purposes.

The subordinated debt is payable in full by June 2032; earlier prepayment is permitted after five years. Interest is paid semi-annually at a fixed rate of 4.50% until June 1, 2027 and thereafter the interest rate resets quarterly to an interest rate per annum equal to the then current three-month SOFR (provided, however, that in the event three-month SOFR is less than zero, three-month SOFR shall be deemed to be zero) plus 167 basis points. For the three and six months ended June 30, 2026 and 2025, contractual interest expense on the subordinated debt amounted to $315 thousand and $630 thousand, respectively. For the three and six months ended June 30, 2026, amortization of debt issuance costs was $25 thousand and $62 thousand, respectively. For the three and six months ended June 30, 2025, amortization of debt issuance costs was $23 thousand and $59 thousand, respectively. The recorded balance of this debt, net of debt issuance costs, was $27.9 million and $27.8 million at June 30, 2026 and December 31, 2025, respectively.

## NOTE 10. OTHER COMMITMENTS AND CONTINGENCIES

### *Leases*

The Company has leases pertaining to bank premises and vehicles with remaining lease terms of 3 to 14 years, some of which include renewal or termination options to extend the lease. Most of the Company's leases are classified as operating leases. Lease expense for the operating leases is recognized on a straight-line basis over the lease term. Right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The following table represents the classification of the Company's ROU assets and lease liabilities on the consolidated balance sheets:

| *(In thousands)* | | June 30, 2026 | December 31, 2025 |
|---|---|---|---|
| **Lease right-of-use assets:** | | | |
| Operating leases | Premises and equipment, net | $ 4,931 | $ 5,163 |
| Finance leases | Premises and equipment, net | 434 | 445 |
| **Total lease right-of-use assets** | | $ 5,365 | $ 5,608 |
| | | | |
| **Lease liabilities:** | | | |
| Operating leases | Accrued expenses and other liabilities | $ 5,088 | $ 5,297 |
| Finance leases | Accrued expenses and other liabilities | 377 | 397 |
| **Total lease liabilities** | | $ 5,465 | $ 5,694 |

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

The Company uses its incremental borrowing rate at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known. The Company's incremental borrowing rate is based on the FHLB amortizing advance rate, adjusted for the lease term and other factors. The following table presents the weighted average remaining lease term and the weighted average discount rate:

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| **Weighted-average remaining lease term (in years)** | | |
| Operating leases | 9.50 | 10.01 |
| Finance leases | 7.00 | 7.58 |
| | | |
| **Weighted-average discount rate** | | |
| Operating leases liabilities | 6.46% | 6.47% |
| Finance lease liabilities | 4.00% | 4.00% |

The following table presents the components of lease expense for operating leases:

| *(In thousands)* | Three Months Ended June 30, 2026 | 2025 | Six Months Ended June 30, 2026 | 2025 |
|---|---|---|---|---|
| **Operating lease expense:** | | | | |
| Operating lease cost | $ 199 | $ 199 | $ 398 | $ 401 |
| Variable lease cost | 6 | 6 | 13 | 13 |
| **Total lease cost, net** | $ 205 | $ 205 | $ 411 | $ 414 |

The following table presents the components of lease expense for finance leases:

| *(In thousands)* | Three Months Ended June 30, 2026 | 2025 | Six Months Ended June 30, 2026 | 2025 |
|---|---|---|---|---|
| **Finance lease expense:** | | | | |
| Amortization of right-of-use asset | $ 5 | $ 5 | $ 10 | $ 10 |
| Interest on lease liabilities | 4 | 4 | 8 | 8 |
| **Total lease cost, net** | $ 9 | $ 9 | $ 18 | $ 18 |

Supplemental cash flow information related to leases was as follows:

| *(In thousands)* | Three Months Ended June 30, 2026 | 2025 | Six Months Ended June 30, 2026 | 2025 |
|---|---|---|---|---|
| **Cash paid for amounts included in the measurement of lease liabilities:** | | | | |
| Operating cash flows from operating leases | $ 188 | $ 184 | $ 375 | $ 371 |
| Operating cash flows from finance leases | 10 | 9 | 20 | 18 |
| Financing cash flows from finance leases | 4 | 4 | 8 | 8 |

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

Future undiscounted lease payments for operating leases with initial terms of one year or more as of June 30, 2026 are as follows:

| *(In thousands)* | Operating Leases | Finance Leases |
|---|---|---|
| 2026 | $ 377 | $ 28 |
| 2027 | 765 | 57 |
| 2028 | 778 | 58 |
| 2029 | 765 | 60 |
| 2030 | 673 | 62 |
| Thereafter | 3,363 | 169 |
| Total undiscounted lease payments | $ 6,721 | $ 434 |
| Less: imputed interest | 1,633 | 57 |
| Net lease liabilities | $ 5,088 | $ 377 |

***Employment Agreements***

The Company has entered into employment agreements with certain executives. The agreements generally provide for specified minimum levels of annual compensation and benefits for a certain period of time. In addition, the agreements provide for specified lump sum payments and the continuation of benefits upon certain events of termination, as defined in the agreements.

***Litigation***

At June 30,2026, the Company was involved in various pending lawsuits, which management has reviewed and has taken into consideration the view of legal counsel as to their expected outcome. In the opinion of management, the final disposition of pending lawsuits is not expected to have a material adverse effect on the Company's consolidated financial position or results of operations.

***Financial Instruments with Off-Balance-Sheet Risk***

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the accompanying consolidated balance sheets.

The Company’s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Off-balance-sheet financial instruments whose contract amounts represent credit risk include the following:

| *(In thousands)* | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Unadvanced lines of credit | $ 297,880 | $ 258,739 |
| Unadvanced construction loans | 40,106 | 27,799 |
| Residential mortgage loan commitments | 4,092 | 3,976 |
| Commercial and mortgage loan commitments | 49,560 | 51,947 |
| Standby letters of credit | 3,971 | 4,726 |
| Total | $ 395,609 | $ 347,187 |

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer’s creditworthiness on a

case-by-case basis. The amount of collateral obtained upon extension of the credit is based on management's credit evaluation of the customer.

Collateral held varies but may include residential real estate, inventory, property, plant and equipment, and income-producing commercial real estate.

Letters-of-credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Substantially all letters-of-credit have expiration dates within one year. The credit risk involved in issuing letters-of-credit is essentially the same as that involved in extending loan facilities to customers. The Company fully collateralized those commitments for which collateral is deemed necessary.

## NOTE 11. MINIMUM REGULATORY CAPITAL REQUIREMENTS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

The regulations require minimum ratios of total capital, common equity Tier 1 capital and Tier 1 capital to risk-weighted assets and a minimum leverage ratio for all banking organizations as set forth in the following table. Additionally, community banking institutions must maintain a capital conservation buffer of common equity Tier 1 capital in an amount greater than 2.5% of total risk-weighted assets to avoid being subject to limitations on capital distributions and discretionary bonuses. At June 30, 2026, the Bank exceeded each of the applicable regulatory capital requirements including the capital conservation buffer.

As of June 30, 2026 and December 31, 2025, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To remain categorized as well capitalized, the Bank must maintain minimum Total Risk-Based Capital, Common Equity Tier 1 Risk-based, Tier 1 Risk-based, and Tier 1 Leverage Ratios as set forth in the following table. There are no conditions or events since the notification that management believes have changed the Bank's category.

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

The Company's and the Bank's actual capital amounts and ratios as of June 30, 2026 and December 31, 2025 are presented in the following tables:

| | Actual | | Minimum Capital Requirement | | Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions | |
|---|---|---|---|---|---|---|
| *(Dollars in thousands)* | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| **June 30, 2026** | | | | | | |
| **Company** | | | | | | |
| Total Risk-Based Capital: | $ 443,918 | 20.2% | $ 175,828 | 8.0% | N/A | N/A |
| Common Equity Tier 1 Risk-Based Capital | 391,044 | 17.8 | 98,903 | 4.5 | N/A | N/A |
| Tier 1 Risk-Based Capital: | 391,044 | 17.8 | 131,871 | 6.0 | N/A | N/A |
| Tier 1 Leverage Capital: | 391,044 | 14.2 | 87,914 | 4.0 | N/A | N/A |
| **Bank** | | | | | | |
| Total Risk-Based Capital: | $ 365,182 | 16.6% | $ 175,870 | 8.0% | $ 219,838 | 10.0% |
| Common Equity Tier 1 Risk-Based Capital | 340,186 | 15.5 | 98,927 | 4.5 | 142,895 | 6.5 |
| Tier 1 Risk-Based Capital: | 340,186 | 15.5 | 131,903 | 6.0 | 175,870 | 8.0 |
| Tier 1 Leverage Capital: | 340,186 | 12.4 | 87,935 | 4.0 | 109,919 | 5.0 |

| | Actual | | Minimum Capital Requirement | | Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions | |
|---|---|---|---|---|---|---|
| *(Dollars in thousands)* | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| **December 31, 2025** | | | | | | |
| **Company** | | | | | | |
| Total Risk-Based Capital: | $ 430,414 | 19.7% | $ 175,124 | 8.0% | N/A | N/A |
| Common Equity Tier 1 Risk-Based Capital | 379,888 | 17.4 | 98,507 | 4.5 | N/A | N/A |
| Tier 1 Risk-Based Capital: | 379,888 | 17.4 | 131,343 | 6.0 | N/A | N/A |
| Tier 1 Leverage Capital: | 379,888 | 13.8 | 87,562 | 4.0 | N/A | N/A |
| **Bank** | | | | | | |
| Total Risk-Based Capital: | $ 349,158 | 15.9% | $ 176,232 | 8.0% | $ 220,290 | 10.0% |
| Common Equity Tier 1 Risk-Based Capital | 326,447 | 14.8 | 99,130 | 4.5 | 143,188 | 6.5 |
| Tier 1 Risk-Based Capital: | 326,447 | 14.8 | 132,174 | 6.0 | 176,232 | 8.0 |
| Tier 1 Leverage Capital: | 326,447 | 11.9 | 88,116 | 4.0 | 110,145 | 5.0 |

The Bank may not declare or pay a dividend if the total of all dividends declared during the calendar year, including the proposed dividend, exceeds the sum of the Bank's net income during the current calendar year and the retained net income of the prior two calendar years, unless the dividend has been approved by the FDIC and the Massachusetts Division of Banks.

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

## NOTE 12. ACCUMULATED OTHER COMPREHENSIVE LOSS

Components of accumulated other comprehensive loss are as follows:

| *(In thousands)* | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Net unrealized loss on securities available for sale | $ (18,546) | $ (16,113) |
| Tax effect | 4,101 | 3,565 |
| | | |
| Net gain (loss) on swaps | 377 | (391) |
| Tax effect | (106) | 110 |
| Accumulated other comprehensive loss | $ (14,174) | $ (12,829) |

## NOTE 13. EMPLOYEE BENEFIT PLANS

### *401(k) Plan*

The Company offers a 401(k) Plan to employees. Employees may contribute a percentage of their compensation subject to certain limits based on federal tax laws. The Company makes 401(k) Plan matching contributions equal to 100% of the first 5% of an employee's compensation contributed to the 401(k) Plan. For the three and six months ended June 30, 2026, expense attributable to the 401(k) Plan amounted to $268 thousand and $709 thousand, respectively. For the three and six months ended June 30, 2025, expense attributable to the 401(k) Plan amounted to $257 thousand and $732 thousand, respectively.

### *Director and Executive Retirement Plans*

The Company has adopted retirement benefit plans for the benefit of all members of the Board of Trustees of the Company and certain senior executives. Benefits are being accrued over the directors' and executives' required service periods. At June 30, 2026 and December 31, 2025, the Company has accrued $9.4 million and $8.9 million, respectively, related to these plans. For the three and six months ended June 30, 2026, expenses related to these plans amounted to $239 thousand and $464 thousand, respectively. For the three and six months ended June 30, 2025, expenses related to these plans amounted to $258 thousand and $810 thousand, respectively.

### *Incentive Compensation Plan*

The Company has an Employee Bonus and Management Incentive Compensation Plan (the "Bonus Plan") in which employees are eligible to participate. The Bonus Plan provides for awards based on a combination of Company and individual performance objectives being met subject to the approval of the Board of Directors. For the three and six months ended June 30, 2026, the amount charged to expense under the Bonus Plan amounted to $1.5 million and $2.7 million, respectively. For the three and six months ended June 30, 2025, expenses related to the Bonus Plan amounted to $853 thousand and $1.7 million, respectively.

### *Employee Stock Ownership Plan*

As part of the Initial Public Offering ("IPO") completed on July 31, 2025, the Bank established a tax-qualified Employee Stock Ownership Plan ("ESOP") to provide eligible employees the opportunity to own Company shares retroactively with an effective date of January 1, 2025. The ESOP borrowed $16.1 million from the Company to purchase 1,606,100 common shares in the IPO. The loan is payable in annual installments over 20 years. As the loan is repaid to the Company, shares are released and allocated proportionally to eligible participants on the basis of each participant's proportional share of compensation relative to the compensation of all participants. The unallocated ESOP shares are pledged as collateral on the loan.

The Company accounts for its ESOP in accordance with FASB Accounting Standards Codification ("ASC") 718-40, *Compensation – Stock Compensation*. Under this guidance, unreleased shares are deducted from stockholders' equity as unearned ESOP shares in the accompanying consolidated balance sheets.

The Company recognizes compensation expense equal to the fair value of the ESOP shares during the periods in which they are committed to be released. To the extent that the fair value of the Company's ESOP shares differs from the cost of such shares, the difference will be credited or debited to stockholders' equity. As the loan is internally leveraged, the loan receivable from the ESOP to the Company is not reported as an asset nor is the debt of the ESOP shown as a liability on the Company's consolidated balance sheets.

For the three and six months ended June 30, 2026, the expenses related to the ESOP plan amounted to $371 thousand and $730 thousand, respectively. The following table presents share information held by the ESOP:

| *(Dollars in thousands)* | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Allocated shares | 80,305 | — |
| Shares committed to be released | 40,153 | 80,305 |
| Unallocated shares | 1,485,642 | 1,525,795 |
| Total shares | 1,606,100 | 1,606,100 |
| | | |
| Fair value of unallocated shares[(1)] | $ 31,184 | $ 25,649 |

(1) Estimated fair value of unallocated shares based on the June 30, 2026 closing market price of $20.99 per share.

## NOTE 14. FAIR VALUE MEASUREMENTS

The Company determines the fair value of its instruments based on the requirements established in the Accounting Standards Codification Topic 820: Fair Value Measurements ("ASC 820"), which provides a framework for measuring fair value under U.S. GAAP and requires an entity to maximize the use of observable inputs when measuring fair value. ASC 820 defines fair value as the exit price, the price that would be received for an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date under current market conditions. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

ASC 820 establishes a hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The Company groups assets and liabilities which are recorded at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. The fair value hierarchy is as follows:

**Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

**Level 2** – Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liability. An adjustment to a Level 2 input that is significant to the fair value measurement in its entirety might render the measurement into a Level 3 measurement, depending on the level in the fair value hierarchy within which the inputs used to determine the adjustment fall.

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. Level 3 assets or liabilities include financial instruments whose value is determined using unobservable inputs to pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

The following methods and assumptions are used by the Company in estimating its fair value measurements:

*Securities* – Securities represent securities available for sale. Fair value measurements are obtained from a third-party pricing service and are not adjusted by management. The securities measured at fair value in Level 2 are based on pricing models that consider standard observable input factors such as benchmark yields, interest rate volatilities, broker/dealer quotes, credit spreads and new issue data for debt securities.

*MSRs* – The Company accounts for MSRs at fair value. The Company obtains loan level valuations from independent third parties to determine the fair value of servicing rights. The Company classifies MSRs as recurring Level 2.

*Interest rate swaps* – The fair value of derivative arrangements is estimated by the Company using a third- party derivative valuation expert who relies on Level 2 inputs, namely interest cash flow models to determine a fair value by calculating a settlement termination value with the counterparty.

*Individually analyzed loans* - Certain individually analyzed loans were adjusted to the fair value, less costs to sell, of the underlying collateral securing these loans resulting in losses. The loss is not recorded directly as an adjustment to current earnings, but rather as a component in determining the ACL. Fair value was measured using appraised values of collateral and adjusted as necessary by management based on unobservable Level 3 inputs for specific properties. The ACL calculated for the collateral-based individually analyzed loans outstanding at June 30, 2026 and December 31, 2025 was $3.2 million and $805 thousand, respectively.

*Loans held for sale* – Loans held for sale are carried at the lower of cost or fair value, which is evaluated on a pool-level basis. The fair value of loans held for sale is determined using quoted prices for similar assets, adjusted for specific attributes of that loan or other observable market data. Management has estimated fair values of loans held for sale using Level 2 inputs.

***Assets and Liabilities Measured at Fair Value on a Recurring Basis***

Assets and liabilities measured at fair value on a recurring basis are summarized below:

| | June 30, 2026 | | | |
|---|---|---|---|---|
| *(In thousands)* | **Level 1** | **Level 2** | **Level 3** | **Total Fair Value** |
| **Assets** | | | | |
| Securities | | | | |
| Debt securities | $ — | $ 315,091 | $ — | $ 315,091 |
| MSRs | — | 3,168 | — | 3,168 |
| Interest rate swaps and cap | — | 6,212 | — | 6,212 |
| Total assets | $ — | $ 324,471 | $ — | $ 324,471 |
| | | | | |
| **Liabilities** | | | | |
| Interest rate swaps | $ — | $ 5,836 | $ — | $ 5,836 |
| Total liabilities | $ — | $ 5,836 | $ — | $ 5,836 |

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

| | December 31, 2025 | | | |
|---|---|---|---|---|
| *(In thousands)* | Level 1 | Level 2 | Level 3 | Total Fair Value |
| **Assets** | | | | |
| Securities | | | | |
| Debt securities | $ — | $ 269,139 | $ — | $ 269,139 |
| MSRs | — | 3,033 | — | 3,033 |
| Interest rate swaps | — | 5,958 | — | 5,958 |
| Total assets | $ — | $ 278,130 | $ — | $ 278,130 |
| | | | | |
| **Liabilities** | | | | |
| Interest rate swaps | $ — | $ 6,349 | $ — | $ 6,349 |
| Total liabilities | $ — | $ 6,349 | $ — | $ 6,349 |

### *Assets Measured at Fair Value on a Non-recurring Basis*

The Company may also be required, from time to time, to measure certain other assets at fair value on a nonrecurring basis in accordance with U.S. GAAP. These adjustments to fair value usually result from application of lower-of-cost-or-market accounting or write-downs of individual assets. There are no liabilities measured at fair value on a non-recurring basis at June 30, 2026 or December 31, 2025.

The following table summarizes the fair value hierarchy used to determine each adjustment and the carrying value of the related individual assets:

| | June 30, 2026 | | | |
|---|---|---|---|---|
| *(In thousands)* | Level 1 | Level 2 | Level 3 | Total Fair Value |
| **Assets** | | | | |
| Individually analyzed loans | $ — | $ — | $ 8,556 | $ 8,556 |
| Total | $ — | $ — | $ 8,556 | $ 8,556 |

| | December 31, 2025 | | | |
|---|---|---|---|---|
| *(In thousands)* | Level 1 | Level 2 | Level 3 | Total Fair Value |
| **Assets** | | | | |
| Individually analyzed loans | $ — | $ — | $ 6,873 | $ 6,873 |
| Loans held for sale | — | 400 | — | 400 |
| Total | $ — | $ 400 | $ 6,873 | $ 7,273 |

There were no transfers between levels during the three and six months ended June 30, 2026.

### *Fair Value of Financial Instruments*

FASB ASC 825, “Financial Instruments”, requires disclosures of fair value information about financial instruments, whether or not recognized in the balance sheet, if the fair values can be reasonably determined. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company’s various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques using observable inputs when available. Those techniques are significantly affected but the assumptions used, including discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. ASC 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

**Avidia Bancorp, Inc.**

**Notes to Consolidated Financial Statements (continued)**

The carrying amounts and estimated fair values of the Company's consolidated financial instruments as of the balance sheet dates were as follows:

| | June 30, 2026 | | | | |
|---|---|---|---|---|---|
| *(In thousands)* | Carrying Amount | Fair Value | Level 1 | Level 2 | Level 3 |
| Financial assets: | | | | | |
| Cash and due from banks | $ 70,474 | $ 70,474 | $ 70,474 | $ — | $ — |
| Securities available for sale | 315,091 | 315,091 | — | 315,091 | — |
| Securities held to maturity | 12,500 | 12,222 | — | 12,222 | — |
| Federal Home Loan Bank stock | 8,051 | 8,051 | — | 8,051 | — |
| Loans, net | 2,236,617 | 2,152,466 | — | — | 2,152,466 |
| Accrued interest receivable | 8,700 | 8,700 | — | 8,700 | — |
| Bank-owned life insurance | 47,309 | 47,309 | — | 47,309 | — |
| MSRs | 3,168 | 3,168 | — | 3,168 | — |
| Financial liabilities: | | | | | |
| Deposits, other than certificates of deposit | 1,834,591 | 1,834,591 | — | 1,834,591 | — |
| Certificates of deposit | 319,017 | 317,540 | — | 317,540 | — |
| Federal Home Loan Bank advances | 160,000 | 160,127 | — | 160,127 | — |
| Subordinated debt | 27,877 | 25,395 | — | 25,395 | — |
| Accrued interest payable | 1,061 | 1,061 | — | 1,061 | — |

| | December 31, 2025 | | | | |
|---|---|---|---|---|---|
| *(In thousands)* | Carrying Amount | Fair Value | Level 1 | Level 2 | Level 3 |
| Financial assets: | | | | | |
| Cash and due from banks | $ 145,454 | $ 145,454 | $ 145,454 | $ — | $ — |
| Securities available for sale | 269,139 | 269,139 | — | 269,139 | — |
| Securities held to maturity | 13,000 | 12,601 | — | 12,601 | — |
| Federal Home Loan Bank stock | 11,801 | 11,801 | — | 11,801 | — |
| Loans, net | 2,276,448 | 2,155,617 | — | — | 2,155,617 |
| Loans held for sale | 400 | 400 | — | 400 | — |
| Accrued interest receivable | 8,537 | 8,537 | — | 8,537 | — |
| Bank-owned life insurance | 36,660 | 36,660 | — | 36,660 | — |
| MSRs | 3,033 | 3,033 | — | 3,033 | — |
| Financial liabilities: | | | | | |
| Deposits, other than certificates of deposit | 1,805,631 | 1,805,631 | — | 1,805,631 | — |
| Certificates of deposit | 322,652 | 322,172 | — | 322,172 | — |
| Federal Home Loan Bank advances | 260,000 | 260,687 | — | 260,687 | — |
| Subordinated debt | 27,815 | 25,242 | — | 25,242 | — |
| Accrued interest payable | 1,505 | 1,505 | — | 1,505 | — |

The following methods and assumptions were used to estimate the fair value of financial instruments:

*Cash and cash equivalents* – The carrying amount of these items is a reasonable estimate of their fair value. Cash and cash equivalents are reported in the Level 1 fair value category.

*Securities available for sale and held to maturity* – Securities are primarily priced using model pricing based on the securities' relationship to other benchmark quoted prices as provided by an independent third-party and are considered a Level 2 input method.

*Federal Home Loan Bank Stock* – The fair value is based upon the par value of the stock that equates to its carrying value and are reported in the Level 2 fair value category.

*Loans* – Fair value for these instruments is calculated using FASB's exit pricing guidelines and are considered Level 3.

*Accrued interest receivable* – The carrying amount approximates fair value for these instruments and are reported in the Level 2 category.

*Bank-owned life insurance (BOLI)* – BOLI is carried at net cash surrender value of the policies which approximates fair value since that is the approximate liquidation value of these assets. BOLI is reported in the Level 2 fair value category.

*MSRs* – MSRs are accounted for at fair value. The Company obtains loan level valuations from independent third parties to determine the fair value of servicing rights. MSRs are considered Level 2.

*Deposits* – The fair value of deposits with no stated maturity date, such as noninterest-bearing demand deposits, savings, NOW, and money market accounts, is based on the carrying value. The fair value of certificates of deposit is based upon the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits of similar maturities. Deposits are reported in the Level 2 fair value category.

*Federal Home Loan Bank advances* – Fair value is estimated based on discounted cash flows using current market rates for borrowings with similar terms and are considered Level 2.

*Subordinated debt* - Fair value is estimated based on discounted cash flows using current market rates for borrowings with similar terms and are considered Level 2.

*Accrued interest payable* – The carrying amount approximates fair value for these instruments and are reported in the Level 2 category.

## NOTE 15. EARNINGS PER SHARE

Basic earnings per share ("EPS") represents net income available to common stockholders divided by the weighted-average number of common shares outstanding during the year. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common shares (such as stock options) were exercised or converted into additional common shares that would then share in the earnings of the entity. Diluted EPS is computed by dividing net income attributable to common stockholders by the weighted-average number of common shares outstanding for the year, plus the effect of potential dilutive common share equivalents computed using the treasury stock method. There were no securities that had a dilutive effect during the three and six months ended June 30, 2026, and therefore the weighted-average common shares outstanding used to calculate both basic and diluted EPS are the same. Unallocated ESOP shares are not deemed outstanding for earnings per share calculations. Earnings per share data is not applicable for the three and six months ended June 30, 2025, as the Company had no shares outstanding.

| *(Dollars in thousands, except per share data)* | | **Three Months Ended June 30, 2026** | | **Six Months Ended June 30, 2026** |
|---|---|---|---|---|
| **Net income** | **$** | **7,170** | **$** | **13,165** |
| Average number of common shares outstanding | | 20,076,250 | | 20,076,250 |
| Less: average unallocated ESOP shares | | 1,498,806 | | 1,508,788 |
| **Average number of basic and diluted shares outstanding** | | **18,577,444** | | **18,567,462** |
| **Earnings per common share:** | | | | |
| Basic | $ | 0.39 | $ | 0.71 |
| Diluted | $ | 0.39 | $ | 0.71 |

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### General

Management's discussion and analysis is intended to enhance your understanding of our financial condition and results of operations. The financial information in this section is derived from the accompanying consolidated financial statements and related notes. You should read the financial information in this section in conjunction with the business and financial information contained in this report and in the Company's annual report on Form 10-K for the fiscal year 2025, as filed with the Securities and Exchange Commission on March 27, 2026.

### Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements, which can be identified by the use of words such as "estimate," "project," "believe," "intend," "anticipate," "assume," "plan," "seek," "expect," "will," "may," "should," "indicate," "would," "contemplate," "continue," "target" and words of similar meaning. These forward-looking statements include, but are not limited to:

- statements of our goals, intentions and expectations;
- statements regarding our business plans, prospects, growth and operating strategies;
- statements regarding the quality of our loan portfolio; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are based on our current beliefs and expectations and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- general economic conditions, either nationally or in our market areas, that are worse than expected including as a result of employment levels and labor shortages, and the effects of inflation, a potential recession or slowed economic growth caused by supply chain disruptions or otherwise;
- inflation and changes in the interest rate environment that reduce our margins and yields, our mortgage banking revenues, the fair value of financial instruments, including our mortgage servicing rights asset, or our level of loan originations, or increases in the level of defaults, losses and prepayments on loans we have made and make;
- changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for credit losses;
- changes in liquidity, including the size and composition of our deposit portfolio, including the percentage of uninsured deposits in the portfolio;
- our ability to access cost-effective funding;
- fluctuations in real estate values and both residential and commercial real estate market conditions;
- demand for loans and deposits in our market area;
- our ability to implement and change our business strategies;
- competition among depository and other financial institutions;
- adverse changes in the securities or secondary mortgage markets;
- changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees, capital requirements and insurance premiums;
- changes in the quality or composition of our loan or investment portfolios;
- technological changes that may be more difficult or expensive than expected;
- the inability of third-party providers to perform as expected;

- losses suffered by merchants or Independent Sales Organizations (ISOs) with whom we do business in connection with our payments processing activities;
- our ability to effectively manage risks related to our payments processing activities;
- a failure or breach of our operational or security systems or infrastructure, including cyberattacks;
- our ability to manage market risk, credit risk and operational risk;
- our ability to enter new markets successfully and capitalize on growth opportunities;
- changes in consumer spending, borrowing and savings habits;
- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the SEC or the Public Company Accounting Oversight Board;
- our ability to attract and retain key employees; and
- changes in the financial condition, results of operations or future prospects of issuers of securities that we own.

Because of these and a wide variety of other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements. Except as required by applicable law or regulation, the Company assumes no obligation and disclaims any obligation to update any forward-looking statements.

**Critical Accounting Policies and Use of Critical Accounting Estimates**

The discussion and analysis of the financial condition and results of operations are based on our consolidated financial statements, which are prepared to conform with U.S. GAAP. The preparation of these consolidated financial statements requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of income and expenses. We consider the accounting policy discussed below to be our critical accounting policy. The estimates and assumptions that we use are based on historical experience and various other factors and are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions, resulting in a change that could have a material impact on the carrying value of our assets and liabilities and our results of operations.

The Jumpstart Our Business Startups Act of 2012 contains provisions that, among other things, reduce certain reporting requirements for qualifying public companies. As an "emerging growth company" we may delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. We have elected to take advantage of the benefits of this extended transition period. Accordingly, our consolidated financial statements may not be comparable to companies that comply with such new or revised accounting standards.

We consider the following accounting policies to be our critical accounting policies:

***Allowance for Credit Losses.*** The allowance for credit losses ("ACL") is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management confirms that the balance is unlikely to be collected. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Management evaluates the appropriateness of the ACL on loans quarterly. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant change from period to period.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. A reversion methodology is applied beyond the reasonable and supportable forecasts. Qualitative adjustments are then considered for differences in current loan-specific risk characteristics, such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors, that may include, but are not limited to, results of internal loan reviews, examinations by bank regulatory agencies, or other such events such as a natural disaster. The ACL on loans represents our estimated risk of loss within its loan portfolio as of the reporting date. To appropriately measure expected credit losses, management disaggregates the loan portfolio into pools of similar risk characteristics.

Management may also adjust its assumptions to account for differences between expected and actual losses from period-to-period. The variability of management's assumptions could alter the ACL on loans materially and impact future results of

operations and financial condition. The loss estimation models and methods used to determine the ACL are continually refined and enhanced.

***Off-Balance Sheet Credit Exposures.*** In the ordinary course of business, we enter into commitments to extend credit, including commercial letters of credit and standby letters of credit. Such financial instruments are recorded as loans when they are funded. We estimate expected credit losses over the contractual period in which we are exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by us. The ACL on off-balance sheet credit exposures is adjusted through credit loss expense. To appropriately measure expected credit losses, management disaggregates the off-balance sheet credit exposures into similar risk characteristics, identical to those determined for the loan portfolio. An estimated funding rate is then applied to the qualifying unfunded loan commitments and letters of credit using historical information or industry benchmarks provided by a reputable and independent source, to estimate the expected funded amount for each loan segment as of the reporting date. Once the expected funded amount for each loan segment is determined, the loss rate, which is the calculated expected loan loss as a percent of the amortized cost basis for each loan segment, is applied to calculate the ACL on off-balance sheet credit exposures as of the reporting date.

***Securities Valuation and Allowance for Credit Loss.*** Debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and recorded at amortized cost. Debt securities not classified as held to maturity are classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss), net of tax. For available for sale debt securities in an unrealized loss position, we first assess whether we intend to sell, or it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For available for sale debt securities that do not meet the aforementioned criteria, we evaluate whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an ACL is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an ACL is recognized in other comprehensive income.

Changes in the ACL are recorded as credit loss expense (or reversal). Losses are charged against the allowance when management confirms that an available for sale debt security is uncollectible or when either criterion related to intent or requirement to sell is met.

Management measures expected credit losses on held to maturity debt securities on an individual basis by major security types that share similar risk characteristics, which may include, but is not limited to, credit ratings, financial asset type, collateral type, size, effective interest rate, term, geographical location, industry, and vintage. Management classifies the held to maturity portfolio into the following major security types: subordinated debt and corporate bonds. We invest in subordinated debt issued only by financial institutions.

The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. Given the rarity of subordinated debt and corporate bond defaults and losses, we utilize external third-party financial analysis models as the sole source of default and loss rates. Management may exercise discretion to make adjustments based on various qualitative factors. Changes in the ACL are recorded as credit loss expense (or reversal). A held to maturity debt security is written-off in the period in which a determination is made that all or a portion of the financial asset is uncollectible. Any previously recorded allowance, if any, is reversed and then the amortized cost basis is written down to the amount deemed to be collectible, if any.

***Income Taxes.*** We use the asset and liability (or balance sheet) method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion of the deferred tax asset will not be realized. We exercise significant judgment in evaluating the amount and timing of recognition of the resulting tax liabilities and assets. These judgments may require us to make projections of future taxable income and/or to carryback to taxable income in prior years. The judgments and estimates we make in determining our deferred tax assets, which are inherently subjective, are reviewed on a continual basis

as regulatory and business factors change. Any reduction in estimated future taxable income may require us to record a valuation allowance against our deferred tax assets.

***Goodwill.*** Goodwill is recognized when the fair value of consideration transferred in an acquisition is greater than the fair value of assets acquired and liabilities assumed. Goodwill has an indefinite useful life and is evaluated on at least an annual basis for potential impairment, and more often if circumstances warrant more frequent evaluations. An impairment loss is recognized to the extent that the carrying value exceeds fair value. Significant judgment and assumptions are utilized by management in the impairment analysis. Avidia Bank was created by a merger between Hudson Savings Bank and The Westborough Savings Bank in 2007. Goodwill of $11.9 million resulting from the merger is not amortized but is evaluated for impairment on an annual basis. Impairment of goodwill is recognized in earnings. As of June 30, 2026, no impairment has been recognized.

***Mortgage Servicing Rights.*** Servicing rights are recognized as separate assets when rights are acquired through sale of financial assets and recorded at fair value. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. Changes in fair value are reported in mortgage banking income.

## SELECTED FINANCIAL DATA

The following summary data is based in part on the Consolidated Financial Statements and accompanying notes, and other schedules appearing elsewhere in this Form 10-Q. Historical data is also based in part on, and should be read in conjunction with, prior filings with the SEC.

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| *(Dollars in thousands, except per share data)* | June 30, 2026 | June 30, 2025 | June 30, 2026 | June 30, 2025 |
| **Earnings Data:** | | | | |
| Net interest income | $ 23,964 | $ 20,618 | $ 47,946 | $ 39,830 |
| Total non-interest income | 5,902 | 5,246 | 10,188 | 8,974 |
| Total net revenue | 29,866 | 25,864 | 58,134 | 48,804 |
| Total non-interest expense | 19,501 | 19,763 | 38,495 | 41,596 |
| Credit loss expense | 892 | 1,071 | 1,980 | 18,687 |
| Income (loss) before income tax expense | 9,473 | 5,030 | 17,659 | (11,479) |
| Net income (loss) | 7,170 | 3,872 | 13,165 | (7,715) |
| | | | | |
| **Per-Share Data:** | | | | |
| Earnings per share, basic | $ 0.39 | N/A | $ 0.71 | N/A |
| Earnings per share, diluted | 0.39 | N/A | 0.71 | N/A |
| Book value per share | 19.40 | N/A | 19.40 | N/A |
| Tangible book value per share (non-GAAP)[1] | 18.81 | N/A | 18.81 | N/A |
| | | | | |
| **Performance Ratios:** | | | | |
| Return on average assets (annualized) | 1.04 % | 0.57 % | 0.95 % | (0.58) % |
| Return on average equity (annualized) | 7.43 | 8.20 | 6.90 | (8.17) |
| Return on average tangible common equity (non-GAAP)[1] | 7.76 | 8.88 | 7.12 | 8.72 |
| Net interest margin[2] | 3.64 | 3.19 | 3.62 | 3.12 |
| Interest rate spread [3] | 3.16 | 2.76 | 3.14 | 2.70 |
| Yield on loans | 5.32 | 5.20 | 5.35 | 5.18 |
| Cost of deposits | 1.32 | 1.36 | 1.31 | 1.44 |
| Non-interest income as a percentage of average assets | 0.86 | 0.77 | 0.74 | 0.67 |
| Non-interest expense as a percentage of average assets | 2.83 | 2.91 | 2.78 | 3.12 |
| Efficiency ratio[4] | 65.29 | 76.41 | 66.22 | 85.23 |
| Total loans as a percentage of total deposits | 104.97 | 92.15 | 104.97 | 92.01 |
| Average interest-earning assets as a percentage of average interest-bearing liabilities | 134.37 | 124.77 | 133.89 | 123.42 |
| | | | | |
| **Balance Sheet, (end of period):** | | | | |
| Total assets | $ 2,780,104 | $ 2,957,908 | $ 2,780,104 | $ 2,957,908 |
| Total earning assets | 2,647,488 | 2,827,019 | 2,647,488 | 2,827,019 |
| Total loans | 2,260,543 | 2,248,021 | 2,260,543 | 2,248,021 |
| Total deposits | 2,153,608 | 2,443,106 | 2,153,608 | 2,443,106 |
| Total stockholders' equity | 389,536 | 191,426 | 389,536 | 191,426 |
| | | | | |
| **Asset Quality:** | | | | |
| Allowance for credit losses | $ 23,926 | $ 23,425 | $ 23,926 | $ 23,425 |
| Allowance for credit losses as a percentage of nonperforming loans | 141.46 % | 207.37 % | 141.46 % | 207.37 % |
| Allowance for credit losses as a percentage of nonaccrual loans | 141.46 | 207.37 | 141.46 | 207.37 |
| Non-accrual loans as a percentage of total loans | 0.75 | 0.50 | 0.75 | 0.50 |
| Net loan recoveries (charge-offs) as a percentage of average loans (annualized) | 0.07 | 0.01 | 0.03 | (1.54) |
| Total nonaccruing assets as a percentage of total assets | 0.61 | 0.38 | 0.61 | 0.38 |
| Total nonperforming assets as a percentage of total assets | 0.61 | 0.38 | 0.61 | 0.38 |
| | | | | |
| **Capital Ratios:** | | | | |
| Total stockholders' equity as a percentage of total assets | 14.01 % | 6.47 % | 14.01 % | 6.47 % |
| Tangible stockholders' equity as a percentage of tangible assets (non-GAAP)[1] | 13.64 | 6.09 | 13.64 | 6.09 |
| Total capital as a percentage of risk-weighted assets | 20.20 | 11.57 | 20.20 | 11.57 |
| Common equity tier 1 capital as a percentage of risk-weighted assets | 17.79 | 9.14 | 17.79 | 9.14 |
| Tier 1 capital as a percentage of average assets | 14.19 | 7.24 | 14.19 | 7.24 |

(1) See reconciliation of non-GAAP financial measures for more information.
(2) Represents net interest income as a percentage of average interest-earning assets.
(3) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate of interest-bearing liabilities.
(4) Represents non-interest expenses divided by the sum of net interest income and non-interest income.

***Non-GAAP Financial Measures.*** This document contains certain non-GAAP financial measures in addition to results presented in accordance with U.S. GAAP. These non-GAAP measures are intended to provide the reader with additional supplemental perspectives on operating results, performance trends, and financial condition. Non-GAAP financial measures are not a substitute for GAAP measures; they should be read and used in conjunction with the Company's GAAP financial information. Each non-GAAP measure used by the Company in this document as supplemental financial data should be considered in conjunction with the Company's GAAP financial information. The Company adjusts certain equity related measures to exclude intangible assets due to the importance of these measures to the investment community. A reconciliation of non-GAAP financial measures to GAAP measures is provided below.

| | As of | |
|---|---|---|
| *(Dollars in thousands, except per share data)* | **June 30, 2026** | **June 30, 2025** |
| **Tangible stockholders' equity:** | | |
| Total stockholders' equity (GAAP) | $ 389,536 | $ 191,426 |
| Less: Goodwill | 11,936 | 11,936 |
| Tangible stockholders' equity (non-GAAP) | $ 377,600 | $ 179,490 |
| | | |
| **Tangible assets:** | | |
| Total assets (GAAP) | $ 2,780,104 | $ 2,957,908 |
| Less: Goodwill | 11,936 | 11,936 |
| Tangible assets (non-GAAP) | $ 2,768,168 | $ 2,945,972 |
| | | |
| **Average tangible stockholders' equity:** | | |
| Average total stockholders' equity (GAAP) | $ 386,881 | $ 188,799 |
| Less: Average goodwill | 11,936 | 11,936 |
| Average tangible stockholders' equity (non-GAAP) | $ 374,945 | $ 176,863 |

**Comparison of Financial Condition at June 30, 2026 and December 31, 2025**

***Summary.*** Total assets were $2.78 billion at June 30, 2026, decreasing $57 million since year-end 2025 due primarily to the use of lower yielding short-term investments to reduce higher cost borrowings. Additionally, funds from deposit growth and loan run-off also contributed to increases in investment securities and bank-owned life insurance.

***Short-term Investments.*** Short-term investments decreased $78 million year-to-date to $51 million at period-end, continuing the reinvestment of proceeds from the July 2025 initial public stock offering.

***Total Securities.*** Total securities increased $45 million to $328 million due to continued purchases of mortgage-backed securities from the deployment of available cash.

***Total Loans.*** Total loans decreased $38 million, or 2%, to $2.26 billion since year end 2025 due primarily to a $35 million decrease in commercial loans and an $11 million decrease in construction & land loans. These decreases were partially offset by an increase of $5 million in home equity loans and another $5 million increase in commercial real estate loans. Loans categorized as commercial real estate totaled $540 million at period-end and measured 24% of total loans, compared to 23% at year-end 2025.

***Asset Quality.*** Nonaccruing loans decreased by $3.3 million to $16.9 million during the first half of 2026 due primarily to the successful workout of $6.5 million in nonaccruing construction loans, partially offset by a $3.8 million increase in nonaccruing commercial & industrial loans. Nonaccruing loans measured 0.75% of total loans at period-end, compared to 0.88% at year-end 2025. The workouts resulted in the Company recording net recoveries of loan losses totaling $304 thousand during the first half of the year. The allowance for credit losses increased $1.9 million to $23.9 million, increasing to 1.06% of total loans at period-end from 0.96% at year-end 2025. The ratio of the allowance to nonaccruing loans measured 141% and 109% at these dates, respectively. Total criticized loans (rated special mention or lower) decreased to $79 million at midyear 2026 from $104 million at the start of the year.

***Total Deposits.*** Deposits increased in the first half of 2026 by $25 million, or 1%, to $2.15 billion at period-end primarily due to a $29 million increase in money market accounts. Balances of lower cost transaction accounts (demand and NOW) decreased by $7 million, or 1%, from December 31, 2025 to June 30, 2026. Lower cost transaction accounts (demand and NOW) were 52% of total deposits at June 30, 2026.

***Borrowings.*** Federal Home Loan Bank advances decreased by $100 million to $160 million year-to-date due primarily to the use of cash on hand to reduce higher cost borrowings.

***Total Stockholders' Equity***. Stockholders' equity increased by $11 million, or 3%, to $390 million in the first half of 2026 primarily due to net income of $13 million offset by the $2 million dividends that were paid. Stockholders' equity to total assets was 14.0% as of midyear 2026 and the non-GAAP measure of tangible equity to tangible assets was 13.6%. At that date, the regulatory ratio of common equity tier 1 capital as a percentage of risk-weighted assets measured 17.8%. As discussed in the subsequent event disclosure in Note 2: Basis of Presentation, the Company increased its quarterly dividend to $0.06 from $0.05 and also authorized a stock buyback plan in the third quarter.

***Average Balances and Yields.*** The following table sets forth average balance sheets, average yields and costs, and certain other information for the periods indicated. Yields on tax-exempt securities have not been computed on a tax-equivalent basis, as the effects are immaterial. Average balances are calculated using daily average balances. Nonaccrual loans are included in average balances only. Average yields include the effect of deferred fees, discounts, and premiums that are amortized or accreted to interest income or interest expense. Deferred loan fees are immaterial. Loan balances include loans held for sale.

| | For the Three Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2026 | | | 2025 | | |
| *(Dollars in thousands)* | Average Outstanding Balance | Interest | Average Yield/Rate | Average Outstanding Balance | Interest | Average Yield/Rate |
| **Interest-earning assets:** | | | | | | |
| Cash and short-term investments | $ 56,531 | $ 400 | 2.84% | $ 67,357 | $ 421 | 2.51% |
| Securities | 323,536 | 2,877 | 3.57 | 296,321 | 2,555 | 3.46 |
| Loans | 2,258,865 | 29,961 | 5.32 | 2,229,893 | 28,883 | 5.20 |
| Total interest-earning assets | 2,638,932 | 33,238 | 5.05 | 2,593,571 | 31,859 | 4.93 |
| Noninterest-earning assets | 125,864 | | | 122,176 | | |
| Total assets | $ 2,764,796 | | | $ 2,715,747 | | |
| **Interest-bearing liabilities:** | | | | | | |
| NOW accounts | $ 736,036 | 1,042 | 0.57% | $ 697,452 | 700 | 0.40% |
| Money market accounts | 270,030 | 860 | 1.28 | 270,969 | 848 | 1.26 |
| Regular and other savings accounts | 432,822 | 2,280 | 2.11 | 401,215 | 2,278 | 2.28 |
| Certificates of deposit | 320,871 | 2,810 | 3.51 | 347,419 | 3,416 | 3.94 |
| Total interest-bearing deposits | 1,759,759 | 6,992 | 1.59 | 1,717,055 | 7,242 | 1.69 |
| Federal Home Loan Bank advances | 176,351 | 1,930 | 4.39 | 333,834 | 3,647 | 4.38 |
| Subordinated debt | 27,857 | 352 | 5.07 | 27,782 | 352 | 5.08 |
| Total interest-bearing liabilities | 1,963,967 | 9,274 | 1.89 | 2,078,671 | 11,241 | 2.17 |
| Noninterest-bearing demand deposits | 372,187 | | | 415,035 | | |
| Other noninterest-bearing liabilities | 41,761 | | | 33,242 | | |
| Total liabilities | 2,377,915 | | | 2,526,948 | | |
| Total capital | 386,881 | | | 188,799 | | |
| Total liabilities and capital | $ 2,764,796 | | | $ 2,715,747 | | |
| Net interest income | | $ 23,964 | | | $ 20,618 | |
| Net interest rate spread [1] | | | 3.16% | | | 2.76% |
| Net interest-earning assets [2] | $ 674,965 | | | $ 514,900 | | |
| Net interest margin [3] | | | 3.64% | | | 3.19% |
| Cost of deposits | | | 1.32% | | | 1.36% |
| Average interest-earning assets to interest-bearing liabilities | | | 134.37% | | | 124.77% |

(1)Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate of interest-bearing liabilities.

(2)Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.

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

| | For the Six Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2026 | | | 2025 | | |
| *(Dollars in thousands)* | Average Outstanding Balance | Interest | Average Yield/Rate | Average Outstanding Balance | Interest | Average Yield/Rate |
| **Interest-earning assets:** | | | | | | |
| Cash and short-term investments | $ 84,001 | $ 1,142 | 2.74% | $ 52,314 | $ 636 | 2.45% |
| Securities | 310,388 | 5,421 | 3.52 | 300,168 | 5,206 | 3.50 |
| Loans | 2,273,410 | 60,275 | 5.35 | 2,222,464 | 57,067 | 5.18 |
| Total interest-earning assets | 2,667,799 | 66,838 | 5.05 | 2,574,946 | 62,909 | 4.93 |
| Noninterest-earning assets | 120,733 | | | 116,726 | | |
| Total assets | $ 2,788,532 | | | $ 2,691,672 | | |
| **Interest-bearing liabilities:** | | | | | | |
| NOW accounts | $ 739,355 | 2,036 | 0.56% | $ 693,753 | 1,407 | 0.41% |
| Money market accounts | 265,060 | 1,637 | 1.25 | 268,184 | 1,690 | 1.27 |
| Regular and other savings accounts | 433,571 | 4,559 | 2.12 | 392,166 | 4,376 | 2.25 |
| Certificates of deposit | 322,748 | 5,645 | 3.53 | 367,373 | 7,500 | 4.12 |
| Total interest-bearing deposits | 1,760,734 | 13,877 | 1.59 | 1,721,476 | 14,973 | 1.75 |
| Federal Home Loan Bank advances | 203,885 | 4,311 | 4.26 | 337,016 | 7,439 | 4.45 |
| Subordinated debt | 27,842 | 704 | 5.10 | 27,891 | 667 | 4.82 |
| Total interest-bearing liabilities | 1,992,461 | 18,892 | 1.91 | 2,086,383 | 23,079 | 2.23 |
| Noninterest-bearing demand deposits | 371,035 | | | 375,739 | | |
| Other noninterest-bearing liabilities | 40,480 | | | 39,167 | | |
| Total liabilities | 2,403,976 | | | 2,501,289 | | |
| Total capital | 384,556 | | | 190,383 | | |
| Total liabilities and capital | $ 2,788,532 | | | $ 2,691,672 | | |
| Net interest income | | $ 47,946 | | | $ 39,830 | |
| Net interest rate spread [1] | | | 3.14% | | | 2.70% |
| Net interest-earning assets [2] | $ 675,338 | | | $ 488,563 | | |
| Net interest margin [3] | | | 3.62% | | | 3.12% |
| Cost of deposits | | | 1.32% | | | 1.44% |
| Average interest-earning assets to interest-bearing liabilities | | | 133.89% | | | 123.42% |

(1)Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate of interest-bearing liabilities.
(2)Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
(3)Net interest margin represents net interest income divided by average total interest-earning assets.

### Comparison of Operating Results for the Three Months and Six Months Ended June 30, 2026 and 2025

***Net Income/Loss***. Second quarter net income was $7.2 million in 2026, an increase of $3.3 million, or 85%, compared to $3.9 million in the second quarter of 2025. Earnings growth was primarily due to a $3.3 million increase in net interest income. As the benefit of the $186 million net cash proceeds from the Company's initial public offering of stock were infused into the balance sheet on July 31, 2025, these proceeds were primarily used to reduce higher cost borrowings.

The Company's earnings per share improved to $0.39 in the most recent quarter as the second quarter efficiency ratio also improved year-over-year to 65.3% from 76.4%. In the most recent quarter, return on assets measured 1.04%, return on equity was 7.4%, and the non-GAAP measure of return on tangible common equity was 7.8%.

Net income for the first half of the year was $13.2 million in 2026 compared to a net loss of $7.7 million in 2025. The net loss in 2025 was due to an $18.8 million credit loss expense resulting from a charge-off related primarily to one commercial loan in the first quarter of 2025. Earnings per share for the first half of 2026 measured $0.71. For this period, return on

assets measured 0.95%, return on equity was 6.90%, and the non-GAAP measure of return on tangible common equity was 7.12%.

***Net Interest Income.*** Second quarter net interest income increased year-over-year by $3.3 million, or 16%, to $24.0 million. The $198 million increase in average equity, primarily from the stock offering proceeds, were used to reduce higher cost average Federal Home Loan Bank advances by $157 million and fund a $45 million increase in average earning assets. As a result, borrowings expense decreased by $1.7 million. Income also benefited from a 2% increase in average earning assets, higher loan yields, and a decrease in the cost of deposits. The yield on loans increased 12 basis points for the second quarter to 5.32% from the second quarter of 2025. The cost of deposits decreased 4 basis points to 1.32%, including the benefit of a $600 thousand reduction in time deposit interest costs and the benefit of growth in lower cost average NOW and savings accounts.

Year to date net interest income increased year-over-year by $8.1 million, or 20%, to $47.9 million. Average earning assets increased by 4%. The net interest margin increased to 3.62% from 3.12%.

***Credit Loss Expense.*** Based on management's analysis of the adequacy of the allowance for credit losses, a second quarter credit loss expense of $900 thousand was recorded in 2026 and $1.1 million was recorded in 2025. For the first six months of the year, the expense was $2.0 million and $18.7 million for these respective periods. The expense in 2025 was due to a land loan charge-off, as previously disclosed.

***Non-Interest Income.*** Second quarter non-interest income increased year-over-year by $656 thousand, or 13%, to $5.9 million in 2026 due to increases in all named categories. Growth was concentrated in a $454 thousand increase in customer service fees and a $513 thousand increase in payments processing income. Income has benefited from both volume growth and from price adjustments and included $230 thousand in one-time fees from a payments processing contract termination. The category of other non-interest income decreased $651 thousand. This decrease was primarily due to the $250 thousand gain on the sale of the Direct Merchant Processing Book in 2025, as well as decreases in debit card income, commercial loan fees, and swap fees.

Year to date non-interest income increased year-over-year by $1.2 million, or 14%, to $10.2 million. Customer service fees increased $471 thousand, or 26%, to $2.3 million. Payments processing income increased $230 thousand, or 5%, to $4.5 million. Mortgage banking income increased $372 thousand, or 209%, to $550 thousand. A $611 thousand decrease in the category of other non-interest income was offset by an improvement of $619 thousand in securities losses recorded in 2025, which did not repeat in 2026.

***Non-Interest Expense***. Second quarter non-interest expense decreased year-over-year by $262 thousand, or 1%, to $19.5 million. Increases in salaries and employee benefits and professional fees expense were offset by decreases in occupancy and equipment, payments processing, and deposit insurance expense. Compensation costs increased based on the Company's growth strategy and professional fees reflected the engagement of a third-party in 2026 for a process improvement initiative.

For the first half of the year, non-interest expense decreased year-over-year by $3.1 million, or 8%, to $38.5 million. Salaries and employee benefits expense decreased $312 thousand, or 1.5%. Compensation costs in 2025 included costs recorded in conjunction with the conversion and IPO, including costs of $756 thousand for the termination of the long-term incentive plan and a $1.3 million increase in short-term incentives and retirement expenses.

Six month occupancy and equipment and data processing expense together decreased in total by $1.2 million. These costs in 2025 included a new on-line banking platform and licensing costs, and $379 thousand in contract termination expenses. Payments processing expense decreased by $1.2 million, primarily due to the impact of the sale of the direct merchant portfolio. Professional fees increased $875 thousand primarily due to the engagement in 2026 of a third-party to help implement a process improvement program. Deposit insurance expense decreased $767 thousand due to lower assessment rates.

***Income Tax Expense.*** The Company recorded 2026 income tax expense of $2.3 million in the second quarter and $4.5 million in the first half of the year. The effective tax rate was 25% for the first half of 2026. Income taxes were a benefit in 2025 due to the loss recorded in the first quarter of that year.

## Liquidity and Capital Resources

***Liquidity.*** Liquidity describes our ability to meet the financial obligations that arise in the ordinary course of business. Liquidity is primarily needed to meet the borrowing and deposit withdrawal requirements of our customers and to fund current and planned expenditures. Our primary sources of funds are deposits, principal and interest payments on loans and securities, and proceeds from maturities of securities. The Company also actively utilizes borrowings in managing its liquidity and may access sources of liquidity, including brokered deposits and capital in the financial markets, depending on the Company's financial condition and market conditions.

While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows and loan prepayments are greatly influenced by market interest rates, economic conditions, and competition. Our most liquid assets are cash and short-term investments. The levels of these assets depend on our operating, financing, lending, and investing activities during any given period, and are reported in the statements of cash flows in our consolidated financial statements.

The Company prioritizes deposits as a primary funding source and maintains a variety of available liquidity sources, including FHLB advances and Federal Reserve borrowing capacity. When profitable lending and investment opportunities exist, the Company may access its liquidity sources to grow the balance sheet. The amount and type of assets the Company has available to pledge affects the Company's FHLB and Federal Reserve borrowing capacity. For example, a prime one-to-four family residential loan may provide 75 cents of borrowing capacity for every $1.00 pledged, whereas a commercial loan may increase borrowing capacity in a lower amount. The Company's lending decisions, therefore, can also affect its liquidity position.

The table below shows current and unused liquidity capacity from various sources at the dates indicated:

| | June 30, 2026 | | December 31, 2025 | |
|---|---|---|---|---|
| *(Dollars in thousands)* | **Outstanding** | **Borrowing Capacity** | **Outstanding** | **Borrowing Capacity** |
| Federal Home Loan Bank borrowings | $ 160,000 | $ 727,245 | $ 260,000 | $ 683,395 |
| Federal Reserve Bank of Boston | — | 334,017 | — | 325,858 |
| Lines of credit with correspondent banks | — | 25,000 | — | 25,000 |
| Subordinated debt | 27,877 | — | 27,815 | — |
| Brokered deposits | — | — | — | — |
| | $ 187,877 | $ 1,086,262 | $ 287,815 | $ 1,034,253 |

Avidia Bancorp, Inc. is a separate legal entity from Avidia Bank and must provide for its own liquidity to pay its operating expenses and other financial obligations. Its primary source of income is dividends received from Avidia Bank. The amount of dividends that Avidia Bank may declare and pay to the Company is subject to regulation. At June 30, 2026, Avidia Bancorp, Inc. had liquid assets of $69.8 million on a stand-alone, unconsolidated basis.

***Capital Resources.*** At June 30, 2026, Avidia Bank exceeded all of its regulatory capital requirements and was categorized as well-capitalized at that date. Management is not aware of any conditions or events since the most recent notification of well-capitalized status that would change this categorization. For additional information, including tabular financial information regarding Avidia Bank's capital levels relative to the requirements for well-capitalized status, see Note 11 of the notes to consolidated financial statements.

## Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

***Commitments.*** As a financial services provider, we routinely are a party to various financial instruments with off-balance-sheet risks, such as commitments to extend credit and unused lines of credit. While these contractual obligations represent our future cash requirements, a significant portion of commitments to extend credit may expire without being drawn upon. We anticipate that we will have sufficient funds available to meet our current lending commitments. For additional information, see Note 10 to notes to consolidated financial statements.

***Contractual Obligations.*** In the ordinary course of business, we enter into certain contractual obligations, including operating leases for premises and equipment, among others.

**Management of Market Risk**

***General.*** Our most significant form of market risk is interest rate risk because, as a financial institution, the majority of our assets and liabilities are sensitive to changes in market interest rates. Therefore, a principal part of our operations is to manage interest rate risk and limit the exposure of our financial condition and results of operations to changes in market interest rates. Our Asset Liability Committee is responsible for evaluating the interest rate risk inherent in our assets and liabilities, for determining the level of risk that is appropriate given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk according to the policy and guidelines approved by our board of directors. The Asset Liability Committee meets at least quarterly, is comprised of executive officers and certain senior management, and reports to the board risk committee on at least a quarterly basis. We currently utilize a third-party modeling program, prepared on a quarterly basis, to evaluate our sensitivity to changing interest rates, given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk consistent with the guidelines approved by the board of directors.

We seek to manage our interest rate risk in order to minimize the exposure of our earnings and capital to changes in interest rates. We have implemented the following strategies to manage our interest rate risk:

- maintaining capital levels that exceed the thresholds for well-capitalized status under applicable regulations;
- maintaining a prudent level of liquidity;
- growing our volume of low-cost core deposit accounts;
- using our investment securities portfolio and interest rate derivatives as part of our balance sheet asset and liability and interest rate risk management strategy to reduce the impact of market interest rate movements on net interest income and economic value of equity;
- using wholesale funding, in the form of Federal Home Loan Bank advances and brokered deposits in a prudent manner;
- continuing to diversify our loan portfolio by seeking to grow commercial-related loans, which typically have shorter maturities; and
- continuing to sell long term, fixed-rate one-to-four family residential mortgage loans in the secondary market while retaining adjustable-rate one-to-four family residential mortgage loans in our loan portfolio.

Shortening the average term of our interest-earning assets by increasing our investments in shorter-term assets, as well as originating loans with variable interest rates, helps to match the maturities and interest rates of our assets and liabilities better, thereby reducing the exposure of our net interest income to changes in market interest rates.

***Interest Rate Derivatives.*** We employ various financial risk methodologies that limit, or "hedge," the adverse effects of increasing or decreasing market interest rates on our investment or loan portfolio and short-term liabilities, such as Federal Home Loan Bank advances. At June 30, 2026, we had interest rate swaps related to Federal Home Loan Bank advances and investments with a notional amount of $60 million. At June 30, 2026, we had an interest rate cap related to Federal Home Loan Bank advances with a notional amount of $25 million. We also engage in hedging strategies with respect to arrangements where our commercial banking customers swap floating interest rate obligations for fixed interest rate obligations, or vice versa. At June 30, 2026, we had interest rate swaps related to customer loans of a notional amount of $104 million. Our hedging activity varies based on the level and volatility of interest rates and other changing market conditions. For additional information regarding these activities, see Note 6 in notes to consolidated financial statements.

***Change in Net Interest Income.*** We analyze our sensitivity to changes in interest rates through a net interest income model. Net interest income is the difference between the interest income we earn on our interest-earning assets, such as loans and securities, and the interest we pay on our interest-bearing liabilities, such as deposits and borrowings.

The following table sets forth, as of June 30, 2026, the calculation of the estimated changes in our net interest income that would result from the designated immediate changes in the United States Treasury yield curve. The changes indicated in the following table are within policy guidelines adopted by Avidia Bank's board of directors.

| Change in Interest Rates (basis points) [1] | June 30, 2026 Net Interest Income Year 1 Forecast | Year 1 Change from Level |
|---|---|---|
| | *(Dollars in thousands)* | |
| 400 | $ 92,630 | (11.6)% |
| 300 | 95,551 | (8.8) |
| 200 | 98,443 | (6.0) |
| 100 | 101,704 | (2.9) |
| Level | 104,769 | — |
| (100) | 105,772 | 1.0 |
| (200) | 106,619 | 1.8 |
| (300) | 107,146 | 2.3 |

(1) Assumes an immediate uniform change in interest rates at all maturities. One hundred basis points equals 1.00%.

The table above indicates that at June 30, 2026, we would have experienced a 6.0% decrease in net interest income in the event of an instantaneous parallel 200 basis point increase in market interest rates and a 1.8% increase in net interest income in the event of an instantaneous parallel 200 basis point decrease in market interest rates.

The following table sets forth, as of December 31, 2025, the calculation of the estimated changes in our net interest income that would result from the designated immediate changes in the United States Treasury yield curve. The changes indicated in the following table are within policy guidelines adopted by Avidia Bank's board of directors

| Change in Interest Rates (basis points) [1] | December 31, 2025 Net Interest Income Year 1 Forecast | Year 1 Change from Level |
|---|---|---|
| | *(Dollars in thousands)* | |
| 400 | $ 88,346 | (11.9)% |
| 300 | 91,673 | (8.6) |
| 200 | 94,890 | (5.4) |
| 100 | 97,904 | (2.4) |
| Level | 100,308 | — |
| (100) | 100,783 | 0.5 |
| (200) | 100,897 | 0.6 |
| (300) | 101,472 | 1.2 |

(1) Assumes an immediate uniform change in interest rates at all maturities. One hundred basis points equals 1.00%.

The table above indicates that at December 31, 2025, we would have experienced a 5.4 % decrease in net interest income in the event of an instantaneous parallel 200 basis point increase in market interest rates and a 0.6% increase in net interest income in the event of an instantaneous parallel 200 basis point decrease in market interest rates.

***Economic Value of Equity.*** We also compute amounts by which the net present value of our assets and liabilities (economic value of equity or "EVE") would change in the event of a range of assumed changes in market interest rates. This model uses a discounted cash flow analysis and an option-based pricing approach to measure the interest rate sensitivity of net portfolio value. The model estimates the economic value of each type of asset, liability and off-balance sheet contract under the assumptions that the United States Treasury yield curve increases instantaneously by 100, 200, 300 and 400 basis point increments or decreases instantaneously by 100, 200, or 300 basis point increments, with changes in interest rates representing immediate and permanent, parallel shifts in the yield curve.

The following table sets forth, as of June 30, 2026, the calculation of the estimated changes in our EVE that would result from the designated immediate changes in the United States Treasury yield curve. The changes indicated in the following table are within policy guidelines adopted by Avidia Bank's board of directors.

| | June 30, 2026 | | | | |
|---|---|---|---|---|---|
| | | Estimated Increase (Decrease) in EVE | | EVE as a Percentage of Present Value of Assets [3] | |
| Change in Interest Rates (basis points) [1] | Estimated EVE [2] | Amount | Percent | EVE Ratio [4] | Increase (Decrease) (basis points) |
| | | *(Dollars in thousands)* | | | |
| 400 | $ 606,077 | $ (68,003) | (10.1)% | 24.7% | (32) |
| 300 | 623,564 | (50,516) | (7.5) | 24.9 | (17) |
| 200 | 640,067 | (34,013) | (5.0) | 24.9 | (8) |
| 8100 | 661,007 | (13,073) | (1.9) | 25.1 | 9 |
| Level | 674,080 | — | — | 25.0 | — |
| (100) | 672,525 | (1,555) | (0.2) | 24.4 | (58) |
| (200) | 660,100 | (13,980) | (2.1) | 23.5 | (150) |
| (300) | 636,695 | (37,385) | (5.5) | 22.2 | (277) |

(1)Assumes an immediate uniform change in interest rates at all maturities. One hundred basis points equals 1.00%.
(2)EVE is the discounted present value of expected cash flows from assets, liabilities and off-balance sheet contracts.
(3)Present value of assets represents the discounted present value of incoming cash flows on interest-earning assets.
(4)EVE Ratio represents EVE divided by the present value of assets.

The table above indicates that at June 30, 2026, we would have experienced a 5.0% decrease in EVE in the event of an instantaneous parallel 200 basis point increase in market interest rates and a 2.1% decrease in EVE in the event of an instantaneous 200 basis point decrease in market interest rates.

The following table sets forth, as of December 31, 2025, the calculation of the estimated changes in our EVE that would result from the designated immediate changes in the United States Treasury yield curve. The changes indicated in the following table are within policy guidelines adopted by Avidia Bank's board of directors.

| | December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | | Estimated Increase (Decrease) in EVE | | EVE as a Percentage of Present Value of Assets [3] | |
| Change in Interest Rates (basis points) [1] | Estimated EVE [2] | Amount | Percent | EVE Ratio [4] | Increase (Decrease) (basis points) |
| | | *(Dollars in thousands)* | | | |
| 400 | $ 497,076 | $ (102,665) | (17.1)% | 20.4% | (169) |
| 300 | 526,748 | (72,993) | (12.2) | 21.1 | (106) |
| 200 | 555,340 | (44,401) | (7.4) | 21.6 | (52) |
| 100 | 581,471 | (18,270) | (3.0) | 22.0 | (12) |
| Level | 599,741 | — | — | 22.1 | — |
| (100) | 603,285 | 3,544 | 0.6 | 21.7 | (38) |
| (200) | 593,442 | (6,299) | (1.1) | 20.9 | (120) |
| (300) | 570,171 | (29,570) | (4.9) | 19.7 | (241) |

(1)Assumes an immediate uniform change in interest rates at all maturities. One hundred basis points equals 1.00%.
(2)EVE is the discounted present value of expected cash flows from assets, liabilities and off-balance sheet contracts.
(3)Present value of assets represents the discounted present value of incoming cash flows on interest-earning assets.
(4)EVE Ratio represents EVE divided by the present value of assets.

The table above indicates that at December 31, 2025, we would have experienced a 7.4% decrease in EVE in the event of an instantaneous parallel 200 basis point increase in market interest rates and a 1.1% decrease in EVE in the event of an instantaneous 200 basis point decrease in market interest rates.

Certain shortcomings are inherent in the methodologies used in the above interest rate risk measurements. Modeling changes require making certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. The net interest income and net economic value tables presented assume that the composition of our interest-sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and assumes that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration or repricing of specific assets and liabilities. Accordingly, although the tables provide an indication of our interest rate risk exposure at a particular point in time, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates, and actual results may differ.

Interest rate risk calculations also may not reflect the fair values of financial instruments. For example, decreases in market interest rates can increase the fair values of our loans, mortgage servicing rights, deposits and borrowings.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information in Item 2 under "Management's Discussion and Analysis of Financial Condition and Results of Operations – Management of Market Risk" is incorporated in this Item 3 by reference.

### Item 4. Controls and Procedures

***Disclosure Controls and Procedures.*** An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as amended) as of June 30, 2026. Based on that evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective.

***Changes in Internal Controls Over Financial Reporting.*** During the quarter ended June 30, 2026, there have been no changes in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## Part II – Other Information

### Item 1. Legal Proceedings

The Company is not a party to any pending legal proceedings other than routine legal proceedings occurring in the ordinary course of business. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on the Company's consolidated financial condition or results of operations.

### Item 1A. Risk Factors

Not applicable, as the Company is a smaller reporting company.

### Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

Not applicable.

### Item 3. Defaults Upon Senior Securities

Not applicable.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

During the three months ended June 30, 2026, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of the Company's securities that was intended to satisfy the affirmative defense conditions of SEC Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" (as such term is defined in Item 408 of SEC Regulation S-K).

## Item 6. Exhibits

| | |
|---|---|
| 3.1 | Articles of Incorporation of Avidia Bancorp, Inc. [(1)] |
| 3.2 | Bylaws of Avidia Bancorp, Inc. [(2)] |
| 31.1 | Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 | Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101 | The following materials for the quarter ended June 30, 2026, formatted in Inline XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Changes in Capital, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101) |

(1)Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1, as amended (Commission File No. 333-285815), initially filed on March 14, 2025.
(2)Incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1, as amended (Commission File No. 333-285815), initially filed on March 14, 2025.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**AVIDIA BANCORP, INC.**

Date: August 13, 2026

/s/ Robert D. Cozzone
Robert D. Cozzone
President and Chief Executive Officer
(Duly Authorized Representative and Principal Executive Officer)

Date: August 13, 2026

/s/ Jonathan Nelson
Jonathan Nelson
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)