

FOR IMMEDIATE RELEASE

PRESS RELEASE

**Avidbank Holdings, Inc. Announces Net Income of \$514,000
for the First Quarter of 2013**

PALO ALTO, CA (Business Wire) – 04/25/13 – Avidbank Holdings, Inc. ("the Company") (OTCBB: AVBH), sole owner of Avidbank ("the Bank"), an independent full-service commercial bank serving businesses and consumers in Northern California, announced unaudited net income of \$514,000 for the first quarter of 2013, compared to \$771,000 during the same period in 2012.

Financial Highlights

- Net income was \$514,000 for the first quarter of 2013
- Diluted earnings per common share were \$0.16 for the first quarter, compared to \$0.26 for the first quarter of 2012
- Total assets grew by 22% over the previous 12 months, ending the first quarter at \$417 million
- Total loans outstanding grew by 9% over the previous 12 months, ending the first quarter at \$242 million
- Total deposits grew by 25% over the previous 12 months, ending the first quarter at \$375 million
- The Bank continues to be well capitalized with a Tier 1 Leverage Ratio of 8.9% and a Total Risk Based Capital Ratio of 12.3%

Mark D. Mordell, Chairman and Chief Executive Officer, stated, "We are pleased to announce that Avidbank Holdings, Inc. recorded its fifteenth consecutive profitable quarter for the three months ended March 31, 2013. As expected, net income for the first quarter of 2013 decreased by 33% compared to the first quarter of 2012 due to significant investments in key loan production personnel and new infrastructure and facilities. These investments are very important to the Bank's long term plans as we continue to grow and gain market share. The Bank's loans, deposits and total assets all showed growth over the balances a year earlier. We have strategically added several highly experienced bankers to our team which has enabled us to open new loan production offices in San Jose and Redwood City."

For the three months ended March 31, 2013, net interest income before provision for loan losses was \$3.9 million, an increase of more than \$160,000 or 4% compared to the first quarter of 2012. The growth in net interest income was the result of growth in loans outstanding. Due in large part to the competitive market, net interest margin was 3.93% for the first quarter of 2013, compared to 4.48% for the first quarter of 2012. The decline in margin was mitigated by a reduction in our overall cost of funds from 0.64% in 2012 to 0.34% for the same period in 2013.

Non-interest expense grew by \$557,000 to \$3.1 million in the first quarter of 2013, compared to \$2.5 million for the first quarter of 2012 and \$2.9 million for the fourth quarter of 2012. These expense outlays are part of the Bank's strategic initiative to deepen our current lending expertise while broadening our market footprint. These investments will lead to future growth in both loan and fee income.

Non-interest income excluding gains from the sale of investment securities was \$125,000 in the first quarter of 2013; an increase of \$18,000 or 17% over the first quarter of 2012 and \$3,000 or 3% over the fourth quarter of 2012.

About Avidbank

Avidbank Holdings, Inc., headquartered in Palo Alto, California offers innovative financial solutions and services. We specialize in the following markets: commercial & industrial, corporate finance, asset-based lending, real estate construction and commercial real estate lending, and real estate bridge financing. Avidbank advances the success of our clients by providing them with financial opportunities and serving them as we wish to be served – with mutual effort, ingenuity and trust – creating long-term banking relationships.

Forward-Looking Statement:

This news release contains statements that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations, estimates and projections about Avidbank's business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including those described above and the following: Avidbank's timely implementation of new products and services, technological changes, changes in consumer spending and savings habits and other risks discussed from time to time in Avidbank's reports and filings with banking regulatory agencies. In addition, such statements could be affected by general industry and market conditions and growth rates, and general domestic and international economic conditions. Such forward-looking statements speak only as of the date on which they are made, and Avidbank does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this release.

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Avidbank Holdings, Inc.
 Balance Sheet
 (Unaudited) (\$000 except per share amounts)

<u>Assets</u>	<u>3/31/2013</u>	<u>12/31/2012</u>	<u>3/31/2012</u>
Cash and due from banks	\$ 11,381	\$ 21,493	\$ 13,174
Fed funds sold	102,070	85,510	18,365
Total cash and cash equivalents	113,451	107,003	31,539
Investment securities - available for sale	54,767	55,343	80,971
Loans, net of deferred loan fees	242,225	247,269	221,564
Allowance for loan losses	(4,736)	(4,480)	(4,359)
Loans, net of allowance for loan losses	237,489	242,789	217,205
Premises and equipment, net	1,334	1,291	711
Accrued interest receivable & other assets	10,201	9,296	10,250
Total assets	<u>\$ 417,242</u>	<u>\$ 415,721</u>	<u>\$ 340,676</u>
<u>Liabilities</u>			
Non-interest-bearing demand deposits	\$101,386	\$105,518	\$64,669
Interest bearing transaction accounts	15,990	17,293	14,765
Money market and savings accounts	197,639	185,664	152,870
Time deposits	60,931	66,520	67,856
Total deposits	375,946	374,994	300,159
Other liabilities	2,884	2,864	5,429
Total liabilities	378,830	377,858	305,588
<u>Shareholders' equity</u>			
Preferred stock	5,963	5,952	5,918
Common stock	29,647	29,556	29,373
Retained earnings (accumulated deficit)	1,599	1,171	(544)
Accumulated other comprehensive income	1,204	1,184	340
Total shareholders' equity	38,412	37,863	35,088
Total liabilities and shareholders' equity	<u>\$417,242</u>	<u>\$415,721</u>	<u>\$340,676</u>
Tier 1 leverage ratio	8.87%	8.88%	9.96%
Tier 1 risk-based capital ratio	11.01%	10.78%	11.35%
Total risk-based capital ratio	12.26%	12.03%	12.68%
Book value per share (excluding TARP)	\$12.37	\$12.22	\$11.16

Avidbank Holdings, Inc.
Condensed Statements of Income
(Unaudited) (\$000 except per share amounts)

	<u>For the Quarter Ended</u>	
	<u>3/31/2013</u>	<u>3/31/2012</u>
Interest and fees on loans	\$ 3,722	\$ 3,655
Interest on investment securities	404	529
Other interest income	<u>54</u>	<u>20</u>
Total interest income	4,180	4,203
Interest expense	<u>318</u>	<u>501</u>
Net interest income	3,862	3,702
Provision for loan losses	<u>-</u>	<u>-</u>
Net interest income after provision for loan losses	3,862	3,702
Service charges, fees and other income	125	107
Compensation and benefit expenses	1,838	1,494
Occupancy and equipment expenses	971	792
Other operating expenses	<u>286</u>	<u>253</u>
Total non-interest expense	3,096	2,539
Income before income taxes	891	1270
Provision for income taxes	<u>377</u>	<u>499</u>
Net income	<u>\$ 514</u>	<u>\$771</u>
Preferred dividends & warrant amortization	<u>84</u>	<u>84</u>
Net income applicable to common shareholders	<u>\$ 430</u>	<u>\$ 687</u>
Basic earnings per common share	\$ 0.16	\$ 0.26
Diluted earnings per common share	\$ 0.16	\$ 0.26
Weighted average shares outstanding	2,616,099	2,603,827
Weighted average diluted shares outstanding	2,695,340	2,628,127
Total shares outstanding at period end	2,623,852	2,611,018
Return on average assets (annualized)	0.49%	0.88%
Return on average common equity (annual.)	6.37%	10.67%
Net interest margin	3.93%	4.48%
Cost of funds	0.34%	0.64%
Efficiency ratio	78%	67%