

FOR IMMEDIATE RELEASE

PRESS RELEASE

**Avidbank Holdings, Inc. Announces Net Income of \$923,000
for the Second Quarter of 2013**

PALO ALTO, CA -- (Business Wire) -- 07/24/13 -- 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 net income of \$923,000 for the second quarter of 2013 compared to \$653,000 during the same period in 2012.

2nd Quarter 2013 Financial Highlights

- Net income was \$1,437,000 for the first six months of 2013, compared to \$1,424,000 for the first six months of 2012
- Diluted earnings per common share were \$0.47 for the first six months of 2013, compared to \$0.48 for the first six months of 2012
- Net income was \$923,000 for the second quarter of 2013. Excluding gains from the sale of investment securities net income from core operations was \$528,000 for the quarter.
- Diluted earnings per common share were \$0.30 for the quarter, compared to \$0.22 for the second quarter of 2012
- Total assets grew annually by 11% to \$433 million
- Total loans outstanding grew by 4% to \$248 million
- Total deposits grew by 8% to \$377 million
- The Company continues to be well capitalized with a Tier 1 Leverage Ratio of 12.7% and a Total Risk Based Capital Ratio of 17.2%

Mark D. Mordell, Chairman and Chief Executive Officer, stated, "We are pleased that net income for the second quarter of 2013 increased by 41% compared to the second quarter of 2012 as gains from investment security sales more than offset an increase in expenses from expanding our business development and loan generation capacity. The Bank's loans, deposits and total assets all showed growth over the second quarter of the previous year. Loan growth was 4% in spite of some large construction loan payoffs. Our loan production offices in San Jose and Redwood City are starting to gain traction in the marketplace and our capacity for generating earning assets is continually improving. All of our capital ratios have dramatically improved with the \$16 million capital raise we recently completed and announced in June."

For the three months ended June 30, 2013, net interest income before provision for loan losses was \$3.8 million, an increase of more than \$91,000 or 2% compared to the second quarter of 2012. The growth in net interest income was the result of growth in loans outstanding. Average earning assets were \$402 million in the second quarter of 2013, a 14% increase over the second quarter of the prior year. Net interest margin was 3.82% for the second quarter, compared to 4.34% for the second quarter of 2012. No loan loss provision was made in the second quarter of 2013 while a \$100,000 loan loss provision was made in the second quarter of 2012.

For the first six months of 2013 net interest income before provision was \$7.7 million, a \$0.3 million increase over the prior year. The growth in net interest income was the result of growth in earning assets partially offset by a decrease in net interest margin. Average earning assets grew by \$59 million or 17% over 2012. Net interest margin decreased from 4.41% in 2012 to 3.88% in 2013, primarily as a result of a drop in loan yields partially offset by a decrease in the Bank's cost of funds. No provision for loan losses has been recorded to date in 2013, while a \$100,000 loan loss provision was recognized in the first half of 2012. We have experienced net recoveries of \$285,000 for the first half of 2013 compared to net charge-offs of \$14,000 for the first six months of 2012. Non-accrual loans totaled \$699,000 on June 30, 2013 compared to \$975,000 for the end of the previous year. "Our high underwriting standards continue to serve us well as we prepare for growth in the second half of the year," stated Mr. Mordell.

Non-interest expense grew by \$433,000 in the second quarter of 2013 to \$3.1 million compared to \$2.6 million for the second quarter of 2012. This growth is due to investments in loan production personnel and facilities as we continue to expand our footprint and grow our loan portfolio.

Non-interest expense grew by \$990,000 for the first six months of 2013 to \$6.2 million compared to \$5.2 million for the first six months of 2012. This growth is due to the previously mentioned investments in loan production personnel and facilities.

Non-interest income was \$840,000 in the second quarter of 2013, an increase of \$727,000 or 644% over the second quarter of 2012. Non-interest income in the second quarter of 2013 reflected \$681,000 of gains from investment securities sales.

For the first six months of 2013, non-interest income, excluding gains on sales of securities was \$284,000, an increase of more than \$64,000 or 29% over the comparable period in 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.

Contact:

Steve Leen
Executive Vice President and Chief Financial Officer
650-843-2204
sleen@avidbank.com
avidbank.com

Avidbank Holdings, Inc.

Balance Sheet (\$000, except per share amounts)

	Unaudited 6/30/13	Audited 12/31/12	Unaudited 6/30/12
Assets			
Cash and due from banks	\$13,718	\$21,493	\$11,870
Fed funds sold	115,575	85,510	57,171
Total cash and cash equivalents	<u>129,293</u>	<u>107,003</u>	<u>69,041</u>
Investment securities - available for sale	50,541	55,343	74,114
Loans, net of deferred loan fees	247,964	247,269	237,341
Allowance for loan losses	<u>(4,764)</u>	<u>(4,480)</u>	<u>(4,462)</u>
Loans, net of allowance for loan losses	243,200	242,789	232,879
Premises and equipment, net	1,269	1,291	708
Accrued interest receivable & other assets	<u>8,212</u>	<u>9,296</u>	<u>11,222</u>
Total assets	<u><u>\$432,515</u></u>	<u><u>\$415,721</u></u>	<u><u>\$387,965</u></u>
Liabilities			
Non-interest-bearing demand deposits	\$115,115	\$105,518	\$109,522
Interest bearing transaction accounts	16,177	17,293	14,549
Money market and savings accounts	186,885	185,664	158,042
Time deposits	<u>58,901</u>	<u>66,520</u>	<u>67,083</u>
Total deposits	377,078	374,994	349,195
Other liabilities	<u>2,332</u>	<u>2,864</u>	<u>3,019</u>
Total liabilities	379,410	377,858	352,215
Shareholders' equity			
Preferred stock	5,974	5,952	5,929
Common stock	44,579	29,556	29,448
Retained earnings	2,436	1,171	23
Accumulated other comprehensive income	<u>116</u>	<u>1,184</u>	<u>350</u>
Total shareholders' equity	53,105	37,863	35,750
Total liabilities and shareholders' equity	<u><u>\$432,515</u></u>	<u><u>\$415,721</u></u>	<u><u>\$387,965</u></u>
Tier 1 leverage ratio	12.66%	8.88%	9.72%
Tier 1 risk-based capital ratio	15.92%	10.78%	10.84%
Total risk-based capital ratio	17.17%	12.03%	12.09%
Book value per common share	\$11.03	\$12.20	\$11.41
Total shares outstanding	4,274,014	2,614,655	2,613,655

Avidbank Holdings, Inc.

Condensed Statements of Operations

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

	Quarter Ended		Year to Date	
	6/30/13	6/30/12	6/30/13	6/30/12
Interest and fees on loans	\$3,661	\$3,692	\$7,383	\$7,347
Interest on investment securities	399	528	803	1,056
Other interest income	57	17	111	37
Total interest income	4,117	4,237	8,297	8,440
Interest expense	289	500	607	1,002
Net interest income	3,828	3,736	7,690	7,438
Provision for loan losses	-	100	-	100
Net interest income after provision for loan losses	3,828	3,636	7,690	7,338
Service charges, fees and other income	159	113	284	220
Gain on sale of investment securities	681	-	681	-
Total non-interest income	840	113	965	220
Compensation and benefit expenses	1,802	1,559	3,640	3,052
Occupancy and equipment expenses	441	296	1,413	1,088
Other operating expenses	829	785	1,116	1,038
Total non-interest expense	3,072	2,639	6,168	5,178
Income before income taxes	1,596	1,110	2,487	2,380
Provision for income taxes	673	457	1,050	956
Net income	\$923	\$653	\$1,437	\$1,424
Preferred dividends & warrant amortization	84	84	168	168
Net income applicable to common shareholders	\$839	\$569	\$1,269	\$1,256
Basic earnings per share	\$0.31	\$0.22	\$0.47	\$0.48
Diluted earnings per share	\$0.30	\$0.22	\$0.47	\$0.48
Average shares outstanding	2,733,948	2,612,127	2,675,349	2,607,977
Average fully diluted shares	2,773,900	2,623,127	2,715,301	2,618,977
Annualized returns:				
Return on average assets	0.88%	0.70%	0.69%	0.79%
Return on average common equity	9.87%	8.81%	8.25%	9.73%
Net interest margin	3.82%	4.34%	3.88%	4.41%
Cost of funds	0.31%	0.62%	0.33%	0.63%
Efficiency ratio	66%	69%	71%	68%