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PRESS RELEASE

**Avidbank Holdings, Inc. Announces Record Total Assets
for the Third Quarter of 2013**

PALO ALTO, CA -- (Business Wire) – November 1, 2013 -- 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 total assets of \$483 million at the end of the third quarter of 2013, compared to \$415 million one year earlier.

3rd Quarter 2013 Financial Highlights

- Net income was \$1,873,000 for the first nine months of 2013, compared to \$2,080,000 for the first nine months of 2012.
- Diluted earnings per common share were \$0.52 for the first nine months of 2013, compared to \$0.65 for the first nine months of 2012.
- Net income was \$436,000 for the third quarter of 2013, compared to \$656,000 for the third quarter of 2012.
- Diluted earnings per common share were \$0.09 for the third quarter of 2013, compared to \$0.20 for the third quarter of 2012.
- Total assets grew by 16% over the past twelve months, ending the third quarter at \$483 million.
- Total loans outstanding grew by 5%, ending the third quarter at \$245 million.
- Total deposits grew by 16% over the past twelve months, ending the third quarter at \$434 million and non-interest bearing deposits as a percent of total deposits grew to 37% at September 2013 compared to 32% at September 2012.
- Other assets increased by 66% from twelve months ago to \$19 million as a result of our investment in bank owned life insurance policies on our management team of which the Bank is the sole beneficiary.
- The bank continues to be well capitalized with a Tier 1 Leverage Ratio of 10.2% and a Total Risk Based Capital Ratio of 14.0%.

Mark D. Mordell, Chairman and Chief Executive Officer, stated, "One of our main objectives for 2013 has been to grow our market footprint and our franchise value, and we are pleased that in the third quarter we recorded the highest asset level since the Bank was founded. A continuing high level of payoffs due to the robust economy has caused our loans outstanding to contract slightly in the quarter. We look forward to the additional results that will be generated from the investments we have made in our lending infrastructure in Corporate Banking, Corporate Finance and Commercial Real Estate."

For the three months ended September 30, 2013, net interest income before provision for loan losses was \$3.8 million, an increase of more than \$90,000 or 2% compared to the third quarter of 2012. The growth in net interest income was primarily the result of a reduction in interest rates paid on deposits. Average earning assets were \$429 million in the third quarter of 2013, an 11% increase over the third quarter of the

prior year. The net interest margin was 3.60% for the third quarter, compared to 3.87% for the third quarter of 2012. The decline in net interest margin was primarily caused by the decline in loan yields due to the current interest rate environment and a change in the mix of earning assets whereby the growth in lower yielding fed funds comprised a greater percentage of total earning assets. This was partially offset by continued declines in our cost of funds. For the three and nine months ended September 30, 2013 the Bank's average cost of interest bearing liabilities was 0.42% and 0.44%, respectively, compared to 0.72% and 0.80% for the comparative 2012 periods. A loan loss provision of \$245,000 was made in the third quarter of 2013 while no loan loss provision was made in the third quarter of 2012.

For the first nine months of 2013 net interest income before provision was \$11.5 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 \$54 million or 15% over 2012. The net interest margin decreased from 4.23% in 2012 to 3.79% in 2013, primarily as a result of a drop in loan yields partially offset by a decrease in the Bank's cost of funds.

A loan loss provision of \$245,000 has been recorded to date in 2013, while a \$100,000 loan loss provision was recognized in the first nine months of 2012. We have experienced net recoveries of \$29,000 for the first nine months of 2013 compared to net charge-offs of \$186,000 for the first nine months of 2012. Non-accrual loans totaled \$685,000 on September 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 coming quarters," stated Mr. Mordell

Non-interest expense grew by \$435,000 in the third quarter of 2013 to \$3.1 million compared to \$2.7 million for the third 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 \$1.4 million for the first nine months of 2013 to \$9.3 million compared to \$7.8 million for the first nine months of 2012. This growth is due to the previously mentioned investments in loan production personnel and facilities. The number of full time equivalent employees increased to 52 in September 2013 compared to 47 in September 2012.

Non-interest income excluding gains on sale of investment securities was \$174,000 in the third quarter of 2013, an increase of \$49,000 or 39% over the third quarter of 2012.

For the first nine months of 2013, non-interest income excluding gains on sales of securities was \$458,000, an increase of \$113,000 or 33% 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.

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Avidbank Holdings, Inc.

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

<u>Assets</u>	<u>9/30/2013</u>	<u>12/31/2012</u>	<u>9/30/2012</u>
Cash and due from banks	\$ 22,113	\$ 21,493	\$ 13,057
Fed funds sold	134,965	85,510	97,250
Total cash and cash equivalents	157,078	107,003	110,307
Investment securities - available for sale	66,147	55,343	63,487
Loans, net of deferred loan fees	244,501	247,269	233,352
Allowance for loan losses	(4,754)	(4,480)	(4,290)
Loans, net of allowance for loan losses	239,747	242,789	229,062
Premises and equipment, net	1,171	1,291	1,108
Accrued interest receivable & other assets	19,090	9,296	11,495
Total assets	<u>\$ 483,234</u>	<u>\$ 415,721</u>	<u>\$ 415,459</u>
<u>Liabilities</u>			
Non-interest-bearing demand deposits	\$ 161,517	\$ 105,518	\$ 119,180
Interest bearing transaction accounts	15,226	17,293	13,760
Money market and savings accounts	198,731	185,664	175,795
Time deposits	58,081	66,520	65,115
Total deposits	433,555	374,994	373,849
Other liabilities	2,311	2,864	4,254
Total liabilities	435,867	377,858	378,103
<u>Shareholders' equity</u>			
Preferred stock	-	5,952	5,940
Common stock	44,417	29,556	29,502
Retained earnings	2,834	1,171	592
Accumulated other comprehensive income	116	1,184	1,322
Total shareholders' equity	47,367	37,863	37,356
Total liabilities and shareholders' equity	<u>\$ 483,234</u>	<u>\$ 415,721</u>	<u>\$ 415,459</u>
<u>Bank Capital ratios</u>			
Tier 1 leverage ratio	10.22%	8.85%	8.84%
Tier 1 risk-based capital ratio	12.76%	10.72%	10.76%
Total risk-based capital ratio	14.01%	11.98%	12.01%
Book value per common share	\$11.06	\$12.20	\$12.02
Total shares outstanding	4,281,482	2,614,655	2,613,655

Avidbank Holdings, Inc.

Condensed Statements of Operations (Unaudited) (\$000, except per share amounts)

	Quarter Ended		Year to Date	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Interest and fees on loans	\$ 3,630	\$ 3,602	\$ 11,014	\$ 10,949
Interest on investment securities	393	518	1,196	1,574
Other interest income	72	55	184	92
Total interest income	4,096	4,175	12,393	12,615
Interest expense	280	449	887	1,451
Net interest income	3,816	3,726	11,506	11,164
Provision for loan losses	245	-	245	100
Net interest income after provision for loan losses	3,571	3,726	11,261	11,064
Service charges, fees and other income	174	125	458	345
Gain on sale of investment securities	67	-	748	-
Total non-interest income	241	125	1,206	345
Compensation and benefit expenses	1,885	1,572	5,525	4,625
Occupancy and equipment expenses	537	481	1,688	1,347
Other operating expenses	666	599	2,043	1,860
Total non-interest expense	3,088	2,653	9,257	7,832
Income before income taxes	723	1,198	3,210	3,578
Provision for income taxes	287	542	1,337	1,498
Net income	\$ 436	\$ 656	\$ 1,873	\$ 2,080
Preferred dividends & warrant amortization	38	84	206	252
Net income applicable to common shareholders	\$ 398	\$ 572	\$ 1,667	\$ 1,828
Basic earnings per share	\$ 0.09	\$ 0.22	\$ 0.52	\$ 0.70
Diluted earnings per share	\$ 0.09	\$ 0.22	\$ 0.51	\$ 0.70
Average shares outstanding	4,274,420	2,613,655	3,214,230	2,609,884
Average fully diluted shares	4,315,848	2,624,655	3,257,599	2,620,884
Annualized returns:				
Return on average assets	0.38%	0.64%	0.58%	0.74%
Return on average common equity	4.13%	7.86%	6.57%	8.31%
Net interest margin	3.60%	3.87%	3.79%	4.23%
Cost of funds	0.28%	0.49%	0.31%	0.58%
Efficiency ratio	76%	69%	73%	68%