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PRESS RELEASE

Avidbank Holdings, Inc. Announces Record Levels of Loans, Deposits and Total Assets for the year ended December 31, 2013

PALO ALTO, CA – (Business Wire) – April 2, 2014 – 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 that record levels of loans, deposits and total assets were achieved in 2013.

Full Year and Fourth Quarter 2013 Financial Highlights:

Full Year 2013

- Net income was \$2,508,000 for 2013, compared to \$2,745,000 for 2012
- Diluted earnings per common share were \$0.64 for 2013, compared to \$0.91 for 2012
- Total assets grew by 20% over the past twelve months, ending the fourth quarter at \$501 million
- Total loans outstanding grew by 4%, ending the fourth quarter at \$257 million
- Total deposits grew by 20%, ending the fourth quarter at \$450 million

Fourth Quarter of 2013

- Net income was \$635,000 for the fourth quarter of 2013, compared to \$665,000 for the fourth quarter of 2012
- Diluted earnings per common share were \$0.15 for the fourth quarter of 2013, compared to \$0.22 for the fourth quarter of 2012
- The Bank continues to be well capitalized with a Tier 1 Leverage Ratio of 9.7% and a Total Risk Based Capital Ratio of 13.7%

Mark D. Mordell, Chairman and Chief Executive Officer, stated, "The past year has been one of significant milestones which included the achievement of record levels of loans, deposits and total assets with liquidity at an all-time high. We completed a capital raise in June that netted \$15 million and used those funds to repurchase the preferred stock and related warrants issued through the TARP Capital Purchase Program. In November our shareholders approved an increase in the number of common shares authorized for issuance which will provide us greater flexibility as we continue to execute our growth strategies which may include future acquisitions and other market opportunities. Our shareholders also approved an incentive compensation plan designed to align management and shareholder interests and maximize shareholder value. During the year we added eight relationship managers, business development officers and support staff to our lending team."

"We are pleased to have recorded consistent earnings for the quarter ended December 31, 2013 even as our loans grew 16% on an annualized basis. We have made significant investments in our lending infrastructure with several key hires in 2013. We have tripled the size of our San Jose office and have significant plans for that market. Our credit quality remains strong with loan recoveries exceeding charge offs in 2013. Our core deposits are at an all-time high giving us significant capacity to lend and grow our franchise," noted Mr. Mordell.

Results for the year ended December 31, 2013

Net interest income before provision for loan losses was \$15.2 million in 2013, an increase of \$34,000 or 0.2% over the prior year. Higher outstanding loan balances and reductions in the rates paid on deposits were offset by lower loan yields. Average earning assets were \$418 million in 2013, a 15% increase over the prior year. Net interest margin was 3.63% for 2013, compared to 4.16% in 2012. The decline in net interest margin was primarily caused by a decline in loan yields due to the current interest rate environment and a change in the mix of earning assets due to a significant increase in liquid funds. A loan loss provision of \$245,000 was recorded in 2013, while a \$480,000 provision was recognized in 2012. We have experienced net recoveries of \$63,000 in 2013 compared to net charge-offs of \$376,000 in 2012. Non-accrual loans totaled \$2.0 million or 0.8% of total loans on December 31, 2013 compared to \$0.9 million or 0.4% of total loans for the previous year-end. "Our high credit standards have led to a low level of problem loans and to net recoveries in 2013 and resulted in a lower loan loss provision for the year," observed Mr. Mordell.

Non-interest income, excluding gains on sales of securities, was \$716,000 in 2013, an increase of \$249,000 or 53% over 2012. The increase in non-interest income was due to an increase in service charges and other fee generation activities as well as an increase in earnings on bank owned life insurance. Gains on sales of securities were \$748,000 in 2013 and \$337,000 in 2012.

Non-interest expense grew by \$1.7 million or 16% in 2013 to \$12.4 million compared to \$10.7 million in 2012. This growth was due to investments in loan production personnel and facilities as we continue to expand our footprint and grow our loan portfolio.

Results for the quarter ended December 31, 2013

For the three months ended December 31, 2013, net interest income before provision for loan losses was \$3.7 million, a decrease of \$306,000 or 8% compared to the fourth quarter of 2012. The drop in net interest income was primarily the result of a drop in loan yields. Average earning assets were \$449 million in the fourth quarter of 2013, a 15% increase over the fourth quarter of the prior year. Net interest margin was 3.30% for the 2013 fourth quarter, compared to 4.03% for the fourth quarter of 2012. No loan loss provision was made in the fourth quarter of 2013 while a loan loss provision of \$380,000 was made in the fourth quarter of 2012.

Non-interest income, excluding gains on sales of securities, was \$258,000 in the fourth quarter of 2013, an increase of \$136,000 or 111% over the fourth quarter of 2012. The increase was due to the previously mentioned increases in service charges and other fee generation activities as well as an increase in earnings on bank owned life insurance.

Non-interest expense grew by \$259,000 in the fourth quarter of 2013 to \$3.1 million compared to \$2.9 million for the fourth quarter of 2012. This growth was due to investments in loan production personnel and facilities mentioned previously.

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 share and per share amounts) (Unaudited)

<u>Assets</u>	<u>12/31/2013</u>	<u>9/30/2013</u>	<u>12/31/2012</u>
Cash and due from banks	\$ 16,905	\$ 22,113	\$ 21,493
Fed funds sold	151,940	134,965	85,510
Total cash and cash equivalents	168,845	157,078	107,003
Investment securities - available for sale	58,983	66,147	55,343
Loans, net of deferred loan fees	257,434	244,501	247,269
Allowance for loan losses	(4,788)	(4,754)	(4,480)
Loans, net of allowance for loan losses	252,646	239,747	242,789
Bank owned life insurance	11,607	11,517	3,420
Premises and equipment, net	1,175	1,171	1,291
Accrued interest receivable & other assets	7,420	7,574	5,875
Total assets	<u>\$ 500,676</u>	<u>\$ 483,234</u>	<u>\$ 415,721</u>
<u>Liabilities</u>			
Non-interest-bearing demand deposits	\$ 158,364	\$ 161,517	\$ 105,518
Interest bearing transaction accounts	18,991	15,226	17,293
Money market and savings accounts	222,324	198,731	185,663
Time deposits	50,625	58,081	66,520
Total deposits	450,304	433,555	374,994
Other liabilities	2,340	2,312	2,864
Total liabilities	452,644	435,867	377,858
<u>Shareholders' equity</u>			
Preferred stock	-	-	5,952
Common stock/additional paid-in capital	44,531	44,417	29,556
Retained earnings	3,469	2,834	1,171
Accumulated other comprehensive income	32	116	1,184
Total shareholders' equity	48,032	47,367	37,863
Total liabilities and shareholders' equity	<u>\$ 500,676</u>	<u>\$ 483,234</u>	<u>\$ 415,721</u>
<u>Bank Capital ratios</u>			
Tier 1 leverage ratio	9.66%	10.22%	8.86%
Tier 1 risk-based capital ratio	12.45%	12.76%	10.75%
Total risk-based capital ratio	13.70%	14.01%	12.00%
Book value per common share	\$11.21	\$11.06	\$12.20
Total shares outstanding	4,283,494	4,281,482	2,614,655

Avidbank Holdings, Inc.

Condensed Statements of Operations

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

	Quarter Ended		Year Ended	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Interest and fees on loans	\$ 3,485	\$ 3,836	\$ 14,498	\$ 14,787
Interest on investment securities	408	505	1,605	2,081
Other interest income	85	52	268	142
Total interest income	3,978	4,393	16,371	17,010
Interest expense	280	389	1,167	1,840
Net interest income	3,698	4,004	15,204	15,170
Provision for loan losses	-	380	245	480
Net interest income after provision for loan losses	3,698	3,624	14,959	14,690
Service charges, fees and other income	258	122	716	467
Gain on sale of investment securities	-	337	748	337
Total non-interest income	258	459	1,464	804
Compensation and benefit expenses	1,813	1,656	7,339	6,289
Occupancy and equipment expenses	493	480	2,241	1,882
Other operating expenses	811	722	2,795	2,520
Total non-interest expense	3,117	2,858	12,375	10,691
Income before income taxes	839	1,225	4,048	4,803
Provision for income taxes	204	560	1,540	2,058
Net income	\$ 635	\$ 665	\$ 2,508	\$ 2,745
Preferred dividends & warrant amortization	-	86	210	345
Net income applicable to common shareholders	\$ 635	\$ 579	\$ 2,298	\$ 2,400
Basic earnings per share	\$0.15	\$0.22	\$0.66	\$0.92
Diluted earnings per share	\$0.15	\$0.22	\$0.64	\$0.91
Average shares outstanding	4,283,109	2,614,318	3,474,788	2,610,998
Average fully diluted shares	4,344,871	2,614,655	3,565,490	2,630,084
Annualized returns:				
Return on average assets	0.52%	0.64%	0.57%	0.72%
Return on average common equity	5.29%	8.34%	6.23%	9.05%
Net interest margin	3.30%	4.03%	3.63%	4.16%
Cost of funds	0.26%	0.41%	0.30%	0.54%
Efficiency ratio	78.8%	64.0%	74.2%	66.9%