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PRESS RELEASE

**Avidbank Holdings, Inc. Announces Unaudited Net Income of
\$996,000 for the Fourth Quarter of 2014**

PALO ALTO, CA -- (Business Wire) -- 02/26/15 -- Avidbank Holdings, Inc. ("the Company") (OTCBB: AVBH), a bank holding company and the parent company of Avidbank ("the Bank"), an independent full-service commercial bank serving businesses and consumers in Northern California, announced unaudited consolidated net income of \$996,000 for the fourth quarter of 2014 compared to \$635,000 for the same period in 2013.

Full Year and Fourth Quarter 2014 Financial Highlights

- Net income was \$2,744,000 in 2014, compared to \$2,508,000 in 2013. Results for the 2013 period included \$748,000 in gains from the sale of investment securities compared to \$261,000 in the 2014 period.
- Diluted earnings per common share were \$0.62 for the year ended 2014, compared to \$0.64 in 2013. Diluted earnings per common share were \$0.22 for the fourth quarter of 2014, compared to \$0.15 for the fourth quarter of 2013.
- Net income was \$996,000 for the fourth quarter of 2014, compared to \$635,000 for the fourth quarter of 2013. Results for the fourth quarter of 2013 included no gains from the sale of investment securities compared to \$239,000 in the fourth quarter of 2014.
- Total assets decreased by 6% over the past twelve months, ending the fourth quarter at \$469 million.
- Total loans outstanding grew by 33% in 2014, ending the fourth quarter at \$342 million.
- Total deposits decreased by 14% over the past twelve months, ending the fourth quarter at \$386 million.
- The Bank continues to be well capitalized with a Tier 1 Leverage Ratio of 10.5% and a Total Risk Based Capital Ratio of 12.2%.

Mark D. Mordell, Chairman and Chief Executive Officer, stated, "The Bank's efforts to grow the loan portfolio by increasing loan production staff and facilities were substantially achieved in 2014. Loans outstanding increased more than \$84 million during the year, a 33% rate of growth. These results confirm our progress as we focus on our plan of sustained and prudent growth in our loan portfolio. Net income for 2014 grew by 9% over 2013 primarily due to higher loans outstanding and the need for a smaller loan loss provision. We experienced solid growth in all four of our lending divisions in 2014. Our net interest margin improved to 4.20% in the fourth quarter as we have placed a substantial amount of our liquid funds into higher yielding loans."

"The Bank's total deposits decreased by \$64 million in 2014 as the runoff of some large transactional and temporary accounts outweighed our increase in relationship deposits. Core deposits make up over 94% of total deposits and our demand and transaction deposits have grown to 42% of total deposits as of the end of 2014", noted Mr. Mordell. "We have successfully deployed our considerable level of liquid funds into loans. Our high level of capital and the high quality of our loan portfolio provide us with ample capacity for growth. We will be opening up a loan production office in San Francisco by the end of the first quarter of 2015."

Results for the year ended December 31, 2014

Net interest income before provision for loan losses was \$16.4 million in 2014, an increase of \$1,172,000 or 7.7% over the prior year. Higher outstanding loan balances and reductions in the rates paid on deposits were partially offset by lower loan yields. Average earning assets were \$437 million in 2014, a 4% increase over the prior year. Net interest margin was 3.79% for 2014 year to date compared to 3.63% for 2013. The increase in net interest margin was primarily caused by growth in average loans and a decrease in Fed funds sold partially offset by a decline in loan yields due to the current interest rate environment. A loan loss provision of \$39,000 was recorded in 2014 and a \$245,000 provision was made in 2013. We have experienced recoveries net of charge-offs of \$46,000 in 2014 compared to net recoveries of \$63,000 in 2013.

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Non-interest income, excluding gains on sales of securities, was \$1,307,000 in 2014, an increase of \$591,000 or 83% over 2013. 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. There were \$261,000 of gains on sales of securities in 2014 and \$748,000 of gains on securities sales in 2013.

Non-interest expense grew by \$990,000 or 8% in 2014 to \$13.4 million compared to \$12.4 million in 2013. 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, 2014

For the three months ended December 31, 2014, net interest income before provision for loan losses was \$4.5 million, an increase of \$785,000 or 21% compared to the fourth quarter of 2013. The increase was primarily the result of higher loans outstanding. Average earning assets were \$425 million in the fourth quarter of 2014, a 6% decrease over the fourth quarter of the prior year. Earning assets decreased as loan growth was more than offset by lower Fed funds. Net interest margin was 4.20% for the fourth quarter of 2014, compared to 3.30% for the fourth quarter of 2013. Net interest margin increased due to growth in loans for the quarter. A loan loss provision of \$39,000 was taken in the fourth quarter of 2014 and no loan loss provision was taken in the fourth quarter of 2013.

Non-interest income, excluding gains on sales of securities, was \$365,000 in the fourth quarter of 2014, an increase of \$107,000 or 41% over the fourth quarter of 2013. The increase was due to increases in service charges and other fee generation activities. There were \$239,000 of gains on sales of securities in the fourth quarter of 2014 and no gains on securities sales in the fourth quarter of 2013.

Non-interest expense grew by \$360,000 in the fourth quarter of 2014 to \$3.5 million compared to \$3.1 million for the fourth quarter of 2013. This growth was due to the investments in loan production personnel mentioned previously. The company's full time equivalent employees at December 31, 2014 and 2013 were 61 and 51, respectively.

Balance Sheet

Total assets dropped to \$469 million as of December 31, 2014, compared to \$484 million at September 30, 2014 and \$501 million on the same date one year ago. The decrease in total assets of \$15 million, or 3%, from September 30, 2014 consisted of a decrease in Fed funds due to a reduction in transactional and temporary deposits.

The Company reported total gross loans outstanding at December 31, 2014 of \$342 million, which represented an increase of \$47 million, or 16%, over \$295 million at September 30, 2014, and an increase of \$85 million, or 33%, over \$257 million at December 31, 2013. The increase in total gross loans from September 30, 2014 was primarily attributable to growth in construction and commercial real estate loans. We also saw growth in asset based and commercial loans. The increase in loans from December 31, 2013 was primarily attributable to growth in commercial real estate, construction and asset based loans. Non-accrual loans totaled \$5.2 million or 1.5% of total loans on December 31, 2014 compared to \$2.0 million or 0.8% of total loans for the previous year-end. "Our high credit standards have resulted in an absence of net charge-offs for both the 2014 and 2013 years. Our increase in nonaccrual loans was isolated to one client," observed Mr. Mordell.

The Company's total deposits were \$386 million as of December 31, 2014, which represented a decrease of \$42 million, or 10%, compared to \$428 million at September 30, 2014 and a decrease of \$64 million, or 14%, compared to \$450 million at December 31, 2013. The decrease in deposits from September 30, 2014 was primarily attributable to a decrease in money market and interest checking accounts, while the decrease from December 31, 2013 was primarily attributable to a decrease in money market and checking accounts and certificates of deposit over \$100,000.

Demand and transaction deposits represented 41.9% of total deposits at December 31, 2014, compared to 43.7% at September 30, 2014 and 39.4% for the same period one year ago. Core deposits represented 94.2% of total deposits at December 31, 2014, compared to 95.1% at September 30, 2014 and 93.3% at December 31, 2013.

During the fourth quarter of 2014, short term Federal Home Loan Bank advances totaling \$25 million and excess liquidity of \$17 million were utilized to facilitate loan originations, net of repayments, of \$42 million. These borrowings bear interest at an annualized rate of 0.25% to 0.26% and mature on a weekly basis.

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.

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

<u>Assets</u>	<u>12/31/2014</u>	<u>9/30/2014</u>	<u>6/30/2014</u>	<u>3/31/2014</u>	<u>12/31/2013</u>
Cash and due from banks	\$17,986	\$20,499	\$18,049	\$15,427	\$16,905
Fed funds sold	8,150	68,675	100,445	127,785	151,940
Total cash and cash equivalents	26,136	89,174	118,494	143,212	168,845
Investment securities - available for sale	79,501	78,710	65,282	58,397	58,983
Loans, net of deferred loan fees	341,966	295,410	277,822	254,375	257,434
Allowance for loan losses	(4,873)	(4,826)	(4,809)	(4,795)	(4,788)
Loans, net of allowance for loan losses	337,093	290,584	273,013	249,580	252,646
Bank owned life insurance	11,944	11,857	11,783	11,694	11,607
Premises and equipment, net	1,024	1,108	1,210	1,287	1,175
Accrued interest receivable & other assets	13,343	13,006	12,983	8,950	7,420
Total assets	\$469,041	\$484,439	\$482,765	\$473,120	\$500,676
<u>Liabilities</u>					
Non-interest-bearing demand deposits	\$140,429	\$166,733	\$173,394	\$151,538	\$158,364
Interest bearing transaction accounts	21,170	20,415	15,523	18,041	18,991
Money market and savings accounts	185,778	201,189	194,892	205,237	222,324
Time deposits	38,544	39,453	42,777	47,250	50,625
Total deposits	385,921	427,790	426,586	422,066	450,304
FHLB Borrowing	25,000	-	-	-	-
Other liabilities	6,573	6,273	6,262	2,209	2,340
Total liabilities	417,494	434,063	432,848	424,275	452,644
<u>Shareholders' equity</u>					
Common stock/additional paid-in capital	45,206	45,080	44,985	44,774	44,531
Retained earnings	6,162	5,189	4,574	3,877	3,469
Accumulated other comprehensive income	179	107	358	194	32
Total shareholders' equity	51,547	50,376	49,917	48,845	48,032
Total liabilities and shareholders' equity	\$469,041	\$484,439	\$482,765	\$473,120	\$500,676
<u>Bank Capital ratios</u>					
Tier 1 leverage ratio	10.53%	10.17%	10.36%	9.72%	9.66%
Tier 1 risk-based capital ratio	11.03%	11.60%	11.89%	12.89%	12.44%
Total risk-based capital ratio	12.19%	12.82%	13.14%	14.14%	13.69%
Book value per common share	\$11.84	\$11.61	\$11.51	\$11.34	\$11.21
Total common shares outstanding	4,352,319	4,338,161	4,336,292	4,308,756	4,283,494
<u>Other Financial Ratios</u>					
Non-interest bearing/total deposits	36.4%	39.0%	40.6%	35.9%	35.2%
Loan to deposit ratio	88.6%	69.1%	65.1%	60.3%	57.2%
Allowance for loan losses/total loans	1.42%	1.63%	1.73%	1.89%	1.86%

Avidbank Holdings, Inc.

Condensed Consolidated Statements of Income (\$000, except share and per share amounts) (Unaudited)

	Quarter Ended			Year Ended	
	<u>12/31/2014</u>	<u>9/30/2014</u>	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
Interest and fees on loans and leases	\$4,128	\$3,786	\$3,485	\$15,204	\$14,498
Interest on investment securities	497	430	408	1,739	1,605
Other interest income	28	56	85	231	268
Total interest income	4,653	4,272	3,978	17,174	16,371
Interest expense	170	175	280	798	1,167
Net interest income	4,483	4,097	3,698	16,376	15,204
Provision for loan losses	39	-	-	39	245
Net interest income after provision for loan losses	4,444	4,097	3,698	16,337	14,959
Service charges, fees and other income	278	260	168	970	529
Income from bank owned life insurance	87	74	90	337	187
Gain on sale of investment securities	239	22	-	261	748
Total non-interest income	604	356	258	1,568	1,464
Compensation and benefit expenses	2,147	2,072	1,813	8,295	7,339
Occupancy and equipment expenses	568	568	493	2,325	2,241
Other operating expenses	762	705	811	2,745	2,795
Total expenses	3,477	3,345	3,117	13,365	12,375
Income before income taxes	1,571	1,108	839	4,540	4,048
Provision for income taxes	575	462	204	1,796	1,540
Net income	\$996	\$646	\$635	\$2,744	\$2,508
Preferred dividends & warrant amortization	-	-	-	-	210
Net income applicable to common shareholders	\$996	\$646	\$635	\$2,744	\$2,298
Basic earnings per common share	\$0.23	\$0.15	\$0.15	\$0.63	\$0.66
Diluted earnings per common share	\$0.22	\$0.15	\$0.15	\$0.62	\$0.64
Average common shares outstanding	4,343,719	4,336,761	4,283,109	4,323,826	3,474,788
Average common fully diluted shares	4,428,005	4,419,603	4,344,871	4,400,659	3,565,490
Annualized returns:					
Return on average assets	0.83%	0.54%	0.52%	0.57%	0.57%
Return on average common equity	7.95%	5.16%	5.29%	5.54%	6.23%
Net interest margin	4.20%	3.73%	3.30%	3.79%	3.63%
Cost of funds	0.16%	0.16%	0.26%	0.19%	0.30%
Efficiency ratio	68.4%	75.1%	78.8%	74.5%	74.2%

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Avidbank Holdings, Inc.

Credit Trends

(\$000, except ratios) (Unaudited)

Allowance for Loan Losses

	<u>12/31/2014</u>	<u>9/30/2014</u>	<u>6/30/2014</u>	<u>3/31/2014</u>	<u>12/31/2013</u>
Balance, beginning of quarter	\$4,826	\$4,809	\$4,795	\$4,788	\$4,754
Provision for loan losses, quarterly	39	-	-	-	-
Charge-offs, quarterly	-	-	-	-	-
Recoveries, quarterly	8	17	14	7	34
Balance, end of quarter	<u>\$4,873</u>	<u>\$4,826</u>	<u>\$4,809</u>	<u>\$4,795</u>	<u>\$4,788</u>

Nonperforming Assets

Loans accounted for on a non-accrual basis	\$5,243	\$6,412	\$2,283	\$3,099	\$2,015
Loans with principal or interest contractually past due 90 days or more and still accruing interest	-	-	-	-	-
Nonperforming loans	5,243	6,412	2,283	3,099	2,015
Other real estate owned	-	-	-	-	-
Nonperforming assets	<u>\$5,243</u>	<u>\$6,412</u>	<u>\$2,283</u>	<u>\$3,099</u>	<u>\$2,015</u>
Loans restructured and in compliance with modified terms	-	-	-	-	-
Nonperforming assets & restructured loans	<u>\$5,243</u>	<u>\$6,412</u>	<u>\$2,283</u>	<u>\$3,099</u>	<u>\$2,015</u>

Nonperforming Loans by Asset Type:

Commercial	\$5,243	\$5,917	\$1,779	\$2,585	\$1,492
Other real estate secured loans	-	495	504	514	523
Nonperforming loans	<u>\$5,243</u>	<u>\$6,412</u>	<u>\$2,283</u>	<u>\$3,099</u>	<u>\$2,015</u>

Asset Quality Ratios

Allowance for loan losses / gross loans	1.42%	1.63%	1.73%	1.89%	1.86%
Allowance for loan losses / nonperforming loans	92.94%	75.27%	210.64%	154.73%	237.62%
Nonperforming assets / total assets	1.12%	1.32%	0.47%	0.66%	0.40%
Nonperforming loans / gross loans	1.53%	2.17%	0.82%	1.22%	0.78%
Net quarterly charge-offs / gross loans	0.00%	-0.01%	-0.01%	0.00%	-0.01%