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PRESS RELEASE

**Avidbank Holdings, Inc. Announces Unaudited Net Income of
\$374,000 for the First Quarter of 2015**

PALO ALTO, CA -- (Business Wire) -- 05/05/15 -- 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 \$374,000 for the first quarter of 2015 compared to \$408,000 for the same period in 2014.

First Quarter 2015 Financial Highlights

- Net interest income was \$5,057,000 for the first quarter of 2015, an increase of \$1,426,000 over the \$3,631,000 we achieved in the first quarter of 2014. The 39% increase over the prior year quarter reflects the improved earnings potential resulting from our loan growth.
- Net income was \$374,000 for the first quarter of 2015, compared to \$408,000 for the first quarter of 2014. Results for the first quarter of 2014 included no loan loss provision compared to a provision of \$1,031,000 in the first quarter of 2015 as a result of loan growth and a significant credit downgrade.
- Diluted earnings per common share were \$0.08 for the first quarter of 2015, compared to \$0.09 for the first quarter of 2014.
- Total assets grew by 12% over the past three months, ending the first quarter at \$527 million.
- Total loans outstanding grew by 12% in the last three months, ending the first quarter at \$383 million.
- Total deposits grew by 1% over the past three months, ending the first quarter at \$389 million.
- The Bank continues to be well capitalized with a Tier 1 Leverage Ratio of 10.4%, a Tier 1 Risk Based Capital and Common Equity Tier 1 Risk Based Capital Ratio of 10.1%, and a Total Risk Based Capital Ratio of 11.3%.

Mark D. Mordell, Chairman and Chief Executive Officer, stated, "We have been able to build on the significant loan growth achieved in 2014 with continued momentum in the first quarter of 2015. We are pleased that this growth has come in areas we specialize in such as commercial real estate, real estate construction, technology and asset based lending. We are now seeing tangible results from the investments we have made in our people and our loan production offices. Opportunities for growth continue as we have opened a San Francisco loan production office to more effectively service that vibrant market. Although we are pleased with our increased revenue, earnings in the first quarter as compared to the prior year were affected by an increase in the loan loss provision reflecting loan growth and the deterioration of a single credit relationship."

"The Bank's total deposits increased slightly by \$3 million in the first quarter of 2015 as we seek to replace temporary deposits with relationship deposits. Core deposits make up over 93% of total deposits and our demand and transaction deposits have grown to 46% of total deposits as of March 31, 2015", noted Mr. Mordell. "The replacement of Fed funds with higher yielding loans has caused our net interest margin to increase to 4.83% in the first quarter of 2015 compared to 3.32% for the first quarter of 2014. Our growth and the higher yielding mix of our earning assets have improved our efficiency ratio and net interest income."

Results for the quarter ended March 31, 2015

For the three months ended March 31, 2015, net interest income before provision for loan losses was \$5.1 million, an increase of \$1.4 million or 39% compared to the first quarter of 2014. The increase was primarily the result of higher loans outstanding. Average loans outstanding for the quarter ended March 31, 2015 were \$360 million, compared to \$243 million for the same quarter in 2014, an increase of \$117 million or 48%. Average earning assets were \$458 million in the first quarter of 2015, a 2% increase over the first quarter of the prior year. The mix of average earning assets shifted to 79% loans compared to 54% loans at the end of the first quarter of 2014. Net interest margin was 4.83% for the first quarter of 2015, compared to 3.32% for the first quarter of 2014. Net interest margin increased due to growth in loans for the quarter. A loan loss provision of \$1,031,000 was taken in the first quarter of 2015 and no loan loss provision was taken in the first quarter of 2014.

Non-interest income, excluding gains on sales of securities, was \$332,000 in the first quarter of 2015, an increase of \$54,000 or 19% over the first quarter of 2014. The increase was due to increases in service charges and other fee generation activities. There were no gains on sales of securities in the first quarter of 2015 or 2014.

Non-interest expense grew by \$532,000 in the first quarter of 2015 to \$3.8 million compared to \$3.2 million for the first quarter of 2014. This growth was due to investments in loan production personnel. The company's full time equivalent employees at March 31, 2015 and 2014 were 62 and 55, respectively. The Company's efficiency ratio improved from 83% in the first quarter of 2014, to 70% in the first quarter of 2015.

Balance Sheet

Total assets increased to \$527 million as of March 31, 2015, compared to \$469 million at December 31, 2014 and \$473 million on the same date one year ago. The increase in total assets of \$58 million, or 12%, from December 31, 2014 was primarily due to the increase in loans in the first quarter of 2015. The Company reported total gross loans outstanding at March 31, 2015 of \$383 million, which represented an increase of \$41 million, or 12%, over \$342 million at December 31, 2014, and an increase of \$129 million, or 51%, over \$254 million at March 31, 2014. The increase in total gross loans from December 31, 2014 was primarily attributable to growth in commercial real estate, construction and asset-based loans. The increase in loans from March 31, 2014 was attributable to growth in the same loan categories. Non-accrual loans totaled \$7.5 million or 2% of total loans on March 31, 2015 compared to \$5.2 million or 1.9% of total loans for the previous year-end. "We feel that our high credit standards are more important than ever in light of the significant growth in loans we have experienced over the last twelve months. Our increase in nonaccrual loans was isolated to one client," observed Mr. Mordell.

The Company's total deposits were \$389 million as of March 31, 2015, which represented an increase of \$3 million, or 1%, compared to \$386 million at December 31, 2014 and a decrease of \$33 million, or 8%, compared to \$422 million at March 31, 2014. The increase in deposits from December 31, 2014 was primarily attributable to an increase in demand and brokered deposits, while the decrease from March 31, 2014 was primarily attributable to a decrease in money market accounts.

Demand and transaction deposits represented 45.8% of total deposits at March 31, 2015, compared to 41.9% at December 31, 2014 and 40.2% for the same period one year ago. Core deposits represented 93.4% of total deposits at March 31, 2015, compared to 94.2% at December 31, 2014 and 93.3% at March 31, 2014.

During the first quarter of 2015, short term Federal Home Loan Bank advances totaling \$80 million were utilized to facilitate loan originations, net of repayments, of \$41 million and to offset a decrease in deposits of \$39 million from September 30, 2014. These borrowings bear interest at an annualized rate of 0.25% 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>3/31/2015</u>	<u>12/31/2014</u>	<u>9/30/2014</u>	<u>6/30/2014</u>	<u>3/31/2014</u>
Cash and due from banks	\$17,321	\$17,986	\$20,499	\$18,049	\$15,427
Fed funds sold	20,830	8,150	68,675	100,445	127,785
Total cash and cash equivalents	38,151	26,136	89,174	118,494	143,212
Investment securities - available for sale	83,316	79,501	78,710	65,282	58,397
Loans, net of deferred loan fees	383,422	341,966	295,410	277,822	254,375
Allowance for loan losses	(5,912)	(4,873)	(4,826)	(4,809)	(4,795)
Loans, net of allowance for loan losses	377,510	337,093	290,584	273,013	249,580
Bank owned life insurance	12,029	11,944	11,857	11,783	11,694
Premises and equipment, net	1,046	1,024	1,108	1,210	1,287
Accrued interest receivable & other assets	15,256	13,343	13,006	12,983	8,950
Total assets	\$527,308	\$469,041	\$484,439	\$482,765	\$473,120
<u>Liabilities</u>					
Non-interest-bearing demand deposits	\$156,606	\$140,429	\$166,733	\$173,394	\$151,538
Interest bearing transaction accounts	21,567	21,170	20,415	15,523	18,041
Money market and savings accounts	170,872	185,778	201,189	194,892	205,237
Time deposits	39,873	38,544	39,453	42,777	47,250
Total deposits	388,918	385,921	427,790	426,586	422,066
FHLB Borrowing	80,000	25,000	-	-	-
Other liabilities	5,859	6,573	6,273	6,262	2,209
Total liabilities	474,777	417,494	434,063	432,848	424,275
<u>Shareholders' equity</u>					
Common stock/additional paid-in capital	45,596	45,206	45,080	44,985	44,774
Retained earnings	6,441	6,162	5,189	4,574	3,877
Accumulated other comprehensive income	494	179	107	358	194
Total shareholders' equity	52,531	51,547	50,376	49,917	48,845
Total liabilities and shareholders' equity	\$527,308	\$469,041	\$484,439	\$482,765	\$473,120
<u>Bank Capital ratios</u>					
Tier 1 leverage ratio	10.35%	10.53%	10.17%	10.36%	9.72%
Tier 1 and Common Equity Tier 1 RBC ratio	10.09%	11.03%	11.60%	11.89%	12.89%
Total risk-based capital (RBC) ratio	11.32%	12.19%	12.82%	13.14%	14.14%
Book value per common share	\$11.93	\$11.84	\$11.61	\$11.51	\$11.34
Total common shares outstanding	4,402,292	4,352,319	4,338,161	4,336,292	4,308,756
<u>Other Ratios</u>					
Non-interest bearing/total deposits	40.3%	36.4%	39.0%	40.6%	35.9%
Loan to deposit ratio	98.6%	88.6%	69.1%	65.1%	60.3%
Allowance for loan losses/total loans	1.54%	1.42%	1.63%	1.73%	1.89%

Avidbank Holdings, Inc.

Condensed Consolidated Statements of Income

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

	Quarter Ended		
	3/31/2015	12/31/2014	3/31/2014
Interest and fees on loans and leases	\$4,748	\$4,128	\$3,412
Interest on investment securities	486	497	375
Other interest income	11	28	88
Total interest income	5,245	4,653	3,875
Interest expense	188	170	244
Net interest income	5,057	4,483	3,631
Provision for loan losses	1,031	39	-
Net interest income after provision for loan losses	4,026	4,444	3,631
Service charges, fees and other income	248	278	191
Income from bank owned life insurance	84	87	87
Gain on sale of investment securities	-	239	-
Total non-interest income	332	604	278
Compensation and benefit expenses	2,434	2,147	2,052
Occupancy and equipment expenses	611	568	569
Other operating expenses	716	762	608
Total non-interest expense	3,761	3,477	3,229
Income before income taxes	597	1,571	680
Provision for income taxes	223	575	272
Net income	\$374	\$996	\$408
Basic earnings per common share	\$0.09	\$0.23	\$0.10
Diluted earnings per common share	\$0.08	\$0.22	\$0.09
Average common shares outstanding	4,362,204	4,343,719	4,294,697
Average common fully diluted shares	4,475,556	4,428,005	4,374,997
Annualized returns:			
Return on average assets	0.30%	0.83%	0.34%
Return on average common equity	2.85%	7.95%	3.35%
Net interest margin	4.83%	4.20%	3.32%
Cost of funds	0.18%	0.16%	0.22%
Efficiency ratio	69.8%	68.4%	82.6%

Avidbank Holdings, Inc.**Credit Trends**

(\$000, except ratios) (Unaudited)

	<u>3/31/2015</u>	<u>12/31/2014</u>	<u>9/30/2014</u>	<u>6/30/2014</u>	<u>3/31/2014</u>
<u>Allowance for Loan Losses</u>					
Balance, beginning of quarter	\$4,873	\$4,826	\$4,809	\$4,795	\$4,788
Provision for loan losses, quarterly	1,031	39	-	-	-
Charge-offs, quarterly	-	-	-	-	-
Recoveries, quarterly	8	8	17	14	7
Balance, end of quarter	<u>\$5,912</u>	<u>\$4,873</u>	<u>\$4,826</u>	<u>\$4,809</u>	<u>\$4,795</u>

Nonperforming Assets

Loans accounted for on a non-accrual basis	\$7,478	\$5,243	\$6,412	\$2,283	\$3,099
Loans with principal or interest contractually past due 90 days or more and still accruing interest	-	-	-	-	-
Nonperforming loans	<u>7,478</u>	<u>5,243</u>	<u>6,412</u>	<u>2,283</u>	<u>3,099</u>
Other real estate owned	-	-	-	-	-
Nonperforming assets	<u>\$7,478</u>	<u>\$5,243</u>	<u>\$6,412</u>	<u>\$2,283</u>	<u>\$3,099</u>
Loans restructured and in compliance with modified terms	481	-	-	-	-
Nonperforming assets & restructured loans	<u>\$7,959</u>	<u>\$5,243</u>	<u>\$6,412</u>	<u>\$2,283</u>	<u>\$3,099</u>

Nonperforming Loans by Asset Type:

Commercial	\$7,478	\$5,243	\$5,917	\$1,779	\$2,585
Other real estate	-	-	495	504	514
Nonperforming loans	<u>\$7,478</u>	<u>\$5,243</u>	<u>\$6,412</u>	<u>\$2,283</u>	<u>\$3,099</u>

Asset Quality Ratios

Allowance for loan losses / gross loans	1.54%	1.42%	1.63%	1.73%	1.89%
Allowance for loan losses / nonperforming loans	79.06%	92.94%	75.27%	210.64%	154.73%
Nonperforming assets / total assets	1.42%	1.12%	1.32%	0.47%	0.66%
Nonperforming loans / gross loans	1.95%	1.53%	2.17%	0.82%	1.22%
Net quarterly charge-offs / gross loans	0.00%	0.00%	-0.01%	-0.01%	0.00%