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PRESS RELEASE

Avidbank Holdings, Inc. Announces Operating Results for the Second Quarter of 2015

PALO ALTO, CA -- (Business Wire) -- 07/31/15 -- 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 $394,000 for the second quarter of 2015 compared to $696,000 for the same period in 2014.

Year-to-Date and Second Quarter 2015 Financial Highlights

- Net income was $768,000 in the first six months of 2015, compared to $1,105,000 in the first six months of 2014. Results for the 2015 period included a $2.8 million increase in net interest income from the 2014 period, offset by a loan loss provision of $2.8 million compared to no loan loss provision in the 2014 period.
- Diluted earnings per common share were $0.17 in the first six months of 2015, compared to $0.25 in the first six months of 2014.
- Net interest income was $5,589,000 for the second quarter of 2015, an increase of $1,423,000 over the $4,166,000 we achieved in the second quarter of 2014. The 34% increase over the prior year quarter reflects the benefit of our continued loan growth.
- Net income was $394,000 for the second quarter of 2015, compared to $696,000 for the second quarter of 2014. Results for the second quarter of 2015 included a loan loss provision of $1,756,000 compared to no loan loss provision in the second quarter of 2014.
- Diluted earnings per common share were $0.09 for the second quarter of 2015, compared to $0.16 for the second quarter of 2014.
- Total assets grew by 19% in the first six months of 2015, ending the second quarter at $556 million.
- Total loans outstanding grew by 18% in the first six months of 2015 ending the second quarter at $404 million.
- Total deposits grew by 20% in the first six months of 2015, ending the second quarter at $463 million.
- The Bank continues to be well capitalized with a Tier 1 Leverage Ratio of 9.6%, a Tier 1 Risk Based Capital and Common Equity Tier 1 Risk Based Capital Ratio of 9.8%, and a Total Risk Based Capital Ratio of 10.9%.

Mark D. Mordell, Chairman and Chief Executive Officer, stated, "Our results for the second quarter and first six months of 2015 have been affected by the $2.6 million charge-off of loans relating to a single credit relationship. While this is the first significant charge we have taken in six years, overall credit quality continues to be strong with non-performing assets at 0.71% of total assets. The loss obscures the significant improvement we are seeing in credit quality for the rest of our portfolio. The 34% increase in net interest income and 13% increase in net interest margin in the second quarter over the same quarter of 2014 highlight the strong earnings potential we have achieved from our strategy of targeted investment to promote loan growth. Our improved efficiency ratio in the second quarter of 2015 shows that we are starting to leverage off of our lending and operational infrastructure investments. We will continue to make such investments as we find opportunities to accelerate scaling our business in order to take advantage of the extremely vibrant Bay Area market."

"The Bank's total deposits increased by $74 million in the second quarter of 2015 as a result of increased money market accounts, demand deposits and brokered deposits. Core deposits make up over 88% of total deposits and our demand deposits and interest checking accounts were 42% of total deposits as of June 30, 2015", noted Mr. Mordell. "The replacement of Fed funds with higher yielding loans has resulted in dramatic improvement in our net interest margin to 4.51% in the second quarter of 2015 compared to 3.98% for the second quarter of 2014. Along with our loan growth this has contributed to a $1.4 million increase in net interest income compared to the second quarter of 2014."

Results for the six months ended June 30, 2015

Net interest income before provision for loan losses was $10.6 million in the first six months of 2015, an increase of $2,847,000 or 36.5% over the same period from the prior year. Higher average loan balances and reductions in the rates paid on deposits were partially offset by lower loan yields. Average earning assets were $479 million in the first six months of 2015, a 9% increase over the prior year. Average total loans were $378 million during the six months ended June 2015 as compared to $257 million for the comparable period in 2014. Net interest margin was 4.68% for 2015 year-to-date compared to 3.62% for 2014. 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 $2,787,000 was recorded in the first six months of 2015 and no provision was taken in 2014. We had charge-offs net of recoveries of $2,540,000 in 2015 compared to net recoveries of $21,000 in 2014. The charge-off involved one relationship from the software industry.

Non-interest income was $871,000 in the first six months of 2015, an increase of $263,000 or 43% over 2014. The increase in non-interest income in 2015 was due to increases in service charges and other fee generation activities and a special FHLB dividend of $175,000.

Non-interest expense grew by $969,000 or 15% in the first six months of 2015 to $7.5 million compared to $6.5 million in 2014. This growth was due to investments in loan production personnel and facilities as we continue to expand our footprint and grow our loan portfolio. The Bank's full time equivalent employees at June 30, 2015 and 2014 were 61 and 58, respectively.

Results for the quarter ended June 30, 2015

For the three months ended June 30, 2015, net interest income before provision for loan losses was $5.6 million, an increase of $1.4 million or 34% compared to the second quarter of 2014. The increase was primarily the result of higher average loans outstanding. Average loans outstanding for the quarter ended June 30, 2015 were $396 million, compared to $270 million for the same quarter in 2014, an increase of $126 million or 47%. Average earning assets were $499 million in the second quarter of 2015, a 16% increase over the second quarter of the prior year. The mix of average earning assets shifted to 79% loans compared to 63% loans at the end of the second quarter of 2014. Net interest margin was 4.51% for the second quarter of 2015, compared to 3.98% for the second quarter of 2014. Net interest margin increased primarily due to growth in loans, offset by a decrease in the average yield from loans. A loan loss provision of $1,756,000 was taken in the second quarter of 2015 and no loan loss provision was taken in the second quarter of 2014.

Non-interest income was $539,000 in the second quarter of 2015, an increase of $209,000 or 63% over the second quarter of 2014. The increase was due to increases in service charges and other fee generation activities and a special FHLB dividend of $175,000. There were no gains on sales of securities in the second quarter of 2015 or 2014.

Non-interest expense grew by $438,000 in the second quarter of 2015 to $3.8 million compared to $3.3 million for the second quarter of 2014. This growth was due to investments in loan production personnel. The Bank's efficiency ratio improved from 74% in the second quarter of 2014 to 61% in the second quarter of 2015.

Balance Sheet

Total assets increased to $556 million as of June 30, 2015, compared to $527 million at March 31, 2015 and $483 million on the same date one year ago. The increase in total assets of $29 million, or 5%, from March 31, 2015 was primarily due to the increase in loans in the second quarter of 2015 and funded by deposit growth of $74 million, or 19%. Deposit growth also facilitated the repayment of $45 million in short-term borrowings.

The Company reported gross loans outstanding at June 30, 2015 of $404 million, which represented an increase of $21 million, or 5%, over $383 million at March 31, 2015, and an increase of $126 million, or 45%, over $278 million at June 30, 2014. The increase in total gross loans from March 31, 2015 was primarily attributable to growth in commercial and construction loans. The increase in loans from June 30, 2014 was attributable to growth in the construction, commercial real estate and commercial lending categories.

Balance Sheet (continued)

Non-accrual loans totaled $3.9 million or 0.97% of total loans on June 30, 2015 compared to $5.2 million or 1.53% of total loans for the previous year-end. "The credit quality of our portfolio continues to improve even as we have experienced our first significant charge-off in five years. Our non-performing loans have dropped below one percent of total loans for the first time since June of 2014," observed Mr. Mordell.

The Company's total deposits were $463 million as of June 30, 2015, which represented an increase of $74 million, or 19%, compared to $389 million at March 31, 2015 and an increase of $36 million, or 8%, compared to $427 million at June 30, 2014. The increase in deposits from March 31, 2015 was primarily attributable to an increase in money market and time deposits, while the increase from June 30, 2014 was primarily attributable to an increase in time deposits.

Demand and transaction deposits represented 41.7% of total deposits at June 30, 2015, compared to 45.8% at March 31, 2015 and 44.3% for the same period one year ago. Core deposits represented 88.7% of total deposits at June 30, 2015, compared to 93.4% at March 31, 2015 and 94.2% at June 30, 2014.

At the end of the second quarter of 2015, short term Federal Home Loan Bank advances totaling $35 million were utilized to facilitate loan originations, net of repayments, of $62 million, partially offset by a time deposit increase of $33 million from December 31, 2014. These borrowings bear interest at an annualized rate of 0.29% 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, per share amounts and ratios) (Unaudited)

Assets	6/30/15	3/31/15	12/31/14	9/30/14	6/30/14
Cash and due from banks	$19,773	$17,321	$17,986	$20,499	$18,049
Fed funds sold	35,875	20,830	8,150	68,675	100,445
Total cash and cash equivalents	55,648	38,151	26,136	89,174	118,494
Investment securities - available for sale	74,560	83,316	79,501	78,710	65,282
Loans, net of deferred loan fees	404,036	383,422	341,966	295,410	277,822
Allowance for loan losses	(5,122)	(5,912)	(4,873)	(4,826)	(4,809)
Loans, net of allowance for loan losses	398,914	377,510	337,093	290,584	273,013
Bank owned life insurance	12,116	12,029	11,944	11,857	11,783
Premises and equipment, net	989	1,046	1,024	1,108	1,210
Accrued interest receivable & other assets	13,995	15,256	13,343	13,006	12,983
Total assets	$556,222	$527,308	$469,041	$484,439	$482,765
Liabilities					
Non-interest-bearing demand deposits	$174,265	$156,606	$140,429	$166,733	$173,394
Interest bearing transaction accounts	18,647	21,567	21,170	20,415	15,523
Money market and savings accounts	202,758	170,872	185,778	201,189	194,892
Time deposits	67,100	39,873	38,544	39,453	42,777
Total deposits	462,770	388,918	385,921	427,790	426,586
FHLB Borrowing	35,000	80,000	25,000	-	-
Other liabilities	5,816	5,859	6,573	6,273	6,262
Total liabilities	503,586	474,777	417,494	434,063	432,848
Shareholders' equity					
Common stock/additional paid-in capital	46,891	45,596	45,206	45,080	44,985
Retained earnings	5,712	6,441	6,162	5,189	4,574
Accumulated other comprehensive income	33	494	179	107	358
Total shareholders' equity	52,636	52,531	51,547	50,376	49,917
Total liabilities and shareholders' equity	$556,222	$527,308	$469,041	$484,439	$482,765
Bank Capital ratios					
Tier 1 leverage ratio	9.58%	10.35%	10.53%	10.17%	10.36%
Tier 1 and Common Equity Tier 1 RBC ratio	9.83%	10.09%	11.03%	11.60%	11.89%
Total risk-based capital (RBC) ratio	10.86%	11.32%	12.19%	12.82%	13.14%
Book value per common share	$11.86	$11.93	$11.84	$11.61	$11.51
Total common shares outstanding	4,439,829	4,402,292	4,352,319	4,338,161	4,336,292
Other Ratios					
Non-interest bearing/total deposits	37.7%	40.3%	36.4%	39.0%	40.6%
Loan to deposit ratio	87.3%	98.6%	88.6%	69.1%	65.1%
Allowance for loan losses/total loans	1.27%	1.54%	1.42%	1.63%	1.73%

Avidbank Holdings, Inc.
Condensed Consolidated Statements of Income
($000, except share, per share amounts and ratios) (Unaudited)

	Quarter Ended			Year-to-Date	
	6/30/15	3/31/15	6/30/14	6/30/15	6/30/14
Interest and fees on loans and leases	$5,394	$4,748	$3,878	$10,142	$7,291
Interest on investment securities	438	486	437	924	812
Other interest income	15	11	60	26	148
Total interest income	5,847	5,245	4,375	11,092	8,251
Interest expense	258	188	209	447	453
Net interest income	5,589	5,057	4,166	10,645	7,798
Provision for loan losses	1,756	1,031	-	2,787	-
Net interest income after provision for loan losses	3,833	4,026	4,166	7,858	7,798
Service charges, fees and other income	452	248	241	700	432
Income from bank owned life insurance	87	84	89	171	176
Gain on sale of investment securities	-	-	-	-	-
Total non-interest income	539	332	330	871	608
Compensation and benefit expenses	2,361	2,434	2,024	4,794	4,076
Occupancy and equipment expenses	628	611	620	1,239	1,189
Other operating expenses	762	716	669	1,478	1,277
Total non-interest expense	3,751	3,761	3,313	7,511	6,542
Income before income taxes	621	597	1,183	1,218	1,864
Provision for income taxes	227	223	487	450	759
Net income	$394	$374	$696	$768	$1,105
Basic earnings per common share	$0.09	$0.09	$0.16	$0.17	$0.26
Diluted earnings per common share	$0.09	$0.08	$0.16	$0.17	$0.25
Average common shares outstanding	4,419,708	4,362,204	4,319,447	4,390,796	4,307,140
Average common fully diluted shares	4,527,022	4,475,556	4,397,544	4,492,595	4,379,416
Annualized returns:					
Return on average assets	0.29%	0.30%	0.60%	0.29%	0.46%
Return on average common equity	2.98%	2.85%	5.62%	2.92%	4.51%
Net interest margin	4.51%	4.83%	3.98%	4.68%	3.62%
Cost of funds	0.20%	0.18%	0.20%	0.19%	0.21%
Efficiency ratio	61.2%	69.8%	73.7%	65.2%	77.8%

Avidbank Holdings, Inc.
Credit Trends
($000, except ratios) (Unaudited)

	6/30/15	3/31/15	12/31/14	9/30/14	6/30/14
Allowance for Loan Losses					
Balance, beginning of quarter	$5,912	$4,873	$4,826	$4,809	$4,795
Provision for loan losses, quarterly	1,756	1,031	39	-	-
Charge-offs, quarterly	(2,554)	-	-	-	-
Recoveries, quarterly	8	8	8	17	14
Balance, end of quarter	5,122	$5,912	$4,873	$4,826	$4,809

	6/30/15	3/31/15	12/31/14	9/30/14	6/30/14
Nonperforming Assets					
Loans accounted for on a non-accrual basis	$3,930	$7,478	$5,243	$6,412	$2,283
Loans with principal or interest contractually past due 90 days or more and still accruing interest	-	-	-	-	-
Nonperforming loans	3,930	7,478	5,243	6,412	2,283
Other real estate owned	-	-	-	-	-
Nonperforming assets	$3,930	$7,478	$5,243	$6,412	$2,283
Loans restructured and in compliance with modified terms	477	481	-	-	-
Nonperforming assets & restructured loans	$4,407	$7,959	$5,243	$6,412	$2,283
Nonperforming Loans by Asset Type:					
Commercial	$3,930	$7,478	$5,243	$5,917	$1,779
Real estate	-	-	-	495	504
Total nonperforming loans	$3,930	$7,478	$5,243	$6,412	$2,283
Asset Quality Ratios					
Allowance for loan losses / gross loans	1.27%	1.54%	1.42%	1.63%	1.73%
Allowance for loan losses / nonperforming loans	130.33%	79.06%	92.94%	75.27%	210.64%
Nonperforming assets / total assets	0.71%	1.42%	1.12%	1.32%	0.47%
Nonperforming loans / gross loans	0.97%	1.95%	1.53%	2.17%	0.82%
Net quarterly charge-offs / gross loans	0.63%	0.00%	0.00%	-0.01%	-0.01%