FOR IMMEDIATE RELEASE

**PRESS RELEASE**

## Avidbank Holdings, Inc. Announces Net Income of $1,269,000 for the Third Quarter of 2015

PALO ALTO, CA – (Business Wire) – 10/15/15 – 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 $1,269,000 for the third quarter of 2015 compared to $646,000 for the same period in 2014.

Year-to-Date and Third Quarter 2015 Financial Highlights

- Net income was $2,037,000 in the first nine months of 2015, compared to $1,749,000 in the first nine months of 2014. Results for the 2015 period included a loan loss provision of $3.0 million compared to no loan loss provision in the 2014 period.
- Diluted earnings per common share were $0.45 in the first nine months of 2015, compared to $0.40 in the first nine months of 2014.
- Net interest income was $5,788,000 for the third quarter of 2015, an increase of $1,691,000 over the $4,097,000 we achieved in the third quarter of 2014. The 41% increase over the prior year quarter reflects the improved earnings potential resulting from our significant loan growth over the past several quarters.
- Net income was $1,269,000 for the third quarter of 2015, compared to $646,000 for the third quarter of 2014. Results for the third quarter of 2015 included a loan loss provision of $259,000 compared to no loan loss provision in the third quarter of 2014.
- Diluted earnings per common share were $0.28 for the third quarter of 2015, compared to $0.15 for the third quarter of 2014.
- Total assets grew by 23% in the first nine months of 2015, ending the third quarter at $577 million.
- Total loans outstanding grew by 24% in the first nine months of 2015 ending the third quarter at $425 million.
- Total deposits grew by 27% in the first nine months of 2015, ending the third quarter at $491 million.
- The Bank continues to be well capitalized with a Tier 1 Leverage Ratio of 9.5%, 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 strong results for the third quarter reflect our sustained loan growth and improved credit quality. Loans outstanding are at the highest level since inception and non-performing loans dropped to 0.50% of total assets at September 30, 2015 compared to 1.12% at December 31, 2014. We have seen solid growth in the portfolios of all four divisions. This diversified growth should serve as a solid platform as we continue to strive to greater relevance in our market. Our loan to deposit ratio has increased to 87% from 69% a year ago, as we have been able to deploy excess funds into loans. Net interest income increased by 41% in the third quarter of 2015 compared to the third quarter of 2014. We continue to manage our expenses and our efficiency ratio has improved to 61% compared to 75% for the third quarter of the prior year. Our strategy of investing in lending personnel and associated infrastructure, commenced in 2012, is generating the desired results."

"The Bank's total deposits increased by $29 million in the third quarter of 2015 as a result of increased money market accounts. Core deposits make up over 89% of total deposits and our demand deposits and interest checking accounts were 39% of total deposits as of September 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 4.46% in the third quarter of 2015 compared to 3.73% for the third quarter of 2014. These trends have been consistent throughout 2015 and have resulted in an increase in net interest income for the first nine months of $4.5 million from $11.9 million in 2014 to $16.4 million in 2015."

Results for the nine months ended September 30, 2015

Net interest income before provision for loan losses was $16.4 million in the first nine months of 2015, an increase of $4,540,000 or 38.2% over the same period from 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 $492 million in the first nine months of 2015, a 12% increase over the prior year. Net interest margin was 4.60% for 2015 year to date compared to 3.66% 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. Loan yields decreased from 5.69% in the 2014 period to 5.40% in the 2015 period. A loan loss provision of $3,047,000 was recorded in the first nine months of 2015 and no provision was taken in the first nine months of 2014. We had charge-offs net of recoveries of $2,527,000 in 2015 year to date compared to net recoveries of $38,000 in the same period of 2014.

Non-interest income, excluding gains on sales of securities, was $1,270,000 in the first nine months of 2015, an increase of $327,000 or 35% over 2014. The increase in non-interest income was due to increases in service charges and other fee generation activities including a special FHLB dividend of $175,000 as well as an increase in earnings on bank owned life insurance. There were gains on sales of securities in the first nine months of 2014 of $22,000 and a loss of $33,000 related to a small repositioning of securities in the investment portfolio in the first nine months of 2015.

Non-interest expense grew by $1,388,000 or 14% in the first nine months of 2015 to $11.3 million compared to $9.9 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. Full-time equivalent employees increased to 63 from 59 in the 2014 period.

Results for the quarter ended September 30, 2015

For the three months ended September 30, 2015, net interest income before provision for loan losses was $5.8 million, an increase of $1.7 million or 41% compared to the third quarter of 2014. The increase was primarily the result of higher loans outstanding. Average loans outstanding for the quarter ended September 30, 2015 were $417 million, compared to $283 million for the same quarter in 2014, an increase of $134 million or 47%. Average earning assets were $520 million in the third quarter of 2015, a 17% increase over the third quarter of the prior year. The mix of average earning assets shifted to 80% loans compared to 64% loans at the end of the third quarter of 2014. Net interest margin was 4.46% for the third quarter of 2015, compared to 3.73% for the third quarter of 2014. Net interest margin increased due to growth in loans. A loan loss provision of $259,000 was taken in the third quarter of 2015 and no loan loss provision was taken in the third quarter of 2014.

Non-interest income, excluding gains on sales of securities was $400,000 in the third quarter of 2015, an increase of $66,000 or 20% over the third quarter of 2014. The increase was due to increases in service charges and other fee generation activities. There were gains on sales of securities in the third quarter of 2014 of $22,000 and a loss of $33,000 on sales of securities in 2015.

Non-interest expense grew by $421,000 in the third quarter of 2015 to $3.8 million compared to $3.3 million for the third quarter of 2014. This growth was due to investments in loan production personnel. The Bank's full time equivalent employees at September 30, 2015 and 2014 were 63 and 59, respectively. The Bank's efficiency ratio improved from 75% in the third quarter of 2014 to 61% in the third quarter of 2015.

Balance Sheet

Total assets increased to $577 million as of September 30, 2015, compared to $556 million at June 30, 2015 and $484 million on the same date one year ago. The increase in total assets of $21 million, or 4%, from June 30, 2015 was primarily due to the increase in loans in the third quarter of 2015, which were funded by an increase in money market and savings accounts of $28 million or 14% during the same period.

The Company reported gross loans outstanding at September 30, 2015 of $425 million, which represented an increase of $21 million, or 5%, over $404 million at June 30, 2015, and an increase of $130 million, or 44%, over $295 million at September 30, 2014. The increase in loans from September 30, 2014 was attributable to growth in the construction, commercial real estate and commercial lending categories.

Balance Sheet (continued)

Non-accrual loans totaled $2.4 million or 0.57% of total loans on September 30, 2015 compared to $5.2 million or 1.53% of total loans for the previous year-end. Loans past due 30 days or more are 0.71% of total loans at September 30, 2015. There were no delinquent loans at December 31, 2014. "The credit quality of our portfolio continues to improve and our non-performing loans have dropped to their lowest level in two years," observed Mr. Mordell. The Allowance for loan losses is 1.27% of gross loans at September 30 2015, compared to 1.42% and 1.63% at December 31, 2014 and September 30, 2014, respectively.

The Company's total deposits were $491 million as of September 30, 2015, which represented an increase of $29 million, or 6%, compared to $463 million at June 30, 2015 and an increase of $64 million, or 15%, compared to $428 million at September 30, 2014. The increase in deposits from June 30, 2015 was primarily attributable to an increase in money market, while the increase from September 30, 2014 was primarily attributable to an increase in brokered deposits and money market accounts. At September 30, 2015, brokered deposits totaled $33 million. There were no brokered deposits at September 30, 2014.

Demand and transaction deposits represented 39.4% of total deposits at September 30, 2015, compared to 41.7% at June 30, 2015 and 43.7% for the same period one year ago. Core deposits represented 89.4% of total deposits at September 30, 2015, compared to 88.7% at June 30, 2015 and 95.1% at September 30, 2014.

At the end of the third quarter of 2015, short-term Federal Home Loan Bank advances totaling $25 million were utilized to facilitate loan growth and support our liquidity buffer. These borrowings bear interest at an annualized rate of 0.17% and mature on a daily 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.

Contact: Steve Leen
Executive Vice President and Chief Financial Officer
650-843-2204
sleen@avidbank.com
avidbank.com

**Avidbank Holdings, Inc.**
**Consolidated Balance Sheets**
($000, except share, per share amounts and ratios) (Unaudited)

| Assets | 9/30/15 | 6/30/15 | 3/31/15 | 12/31/14 | 9/30/14 |
|---|---|---|---|---|---|
| Cash and due from banks | $21,674 | $19,773 | $17,321 | $17,986 | $20,499 |
| Fed funds sold | 36,220 | 35,875 | 20,830 | 8,150 | 68,675 |
| Total cash and cash equivalents | 57,894 | 55,648 | 38,151 | 26,136 | 89,174 |
| Investment securities - available for sale | 71,723 | 74,560 | 83,316 | 79,501 | 78,710 |
| Loans, net of deferred loan fees | 425,224 | 404,036 | 383,422 | 341,966 | 295,410 |
| Allowance for loan losses | (5,394) | (5,122) | (5,912) | (4,873) | (4,826) |
| Loans, net of allowance for loan losses | 419,830 | 398,914 | 377,510 | 337,093 | 290,584 |
| Bank owned life insurance | 12,204 | 12,116 | 12,029 | 11,944 | 11,857 |
| Premises and equipment, net | 901 | 989 | 1,046 | 1,024 | 1,108 |
| Accrued interest receivable & other assets | 14,197 | 13,995 | 15,256 | 13,343 | 13,006 |
| Total assets | $576,749 | $556,222 | $527,308 | $469,041 | $484,439 |
| Liabilities | | | | | |
| Non-interest-bearing demand deposits | $173,600 | $174,265 | $156,606 | $140,429 | $166,733 |
| Interest bearing transaction accounts | 19,771 | 18,647 | 21,567 | 21,170 | 20,415 |
| Money market and savings accounts | 230,865 | 202,758 | 170,872 | 185,778 | 201,189 |
| Time deposits | 67,054 | 67,100 | 39,873 | 38,544 | 39,453 |
| Total deposits | 491,290 | 462,770 | 388,918 | 385,921 | 427,790 |
| FHLB Borrowing | 25,000 | 35,000 | 80,000 | 25,000 | - |
| Other liabilities | 6,192 | 5,816 | 5,859 | 6,573 | 6,273 |
| Total liabilities | 522,482 | 503,586 | 474,777 | 417,494 | 434,063 |
| Shareholders' equity | | | | | |
| Common stock/additional paid-in capital | 47,032 | 46,891 | 45,596 | 45,206 | 45,080 |
| Retained earnings | 6,981 | 5,712 | 6,441 | 6,162 | 5,189 |
| Accumulated other comprehensive income | 254 | 33 | 494 | 179 | 107 |
| Total shareholders' equity | 54,267 | 52,636 | 52,531 | 51,547 | 50,376 |
| Total liabilities and shareholders' equity | $576,749 | $556,222 | $527,308 | $469,041 | $484,439 |
| Bank Capital ratios | | | | | |
| Tier 1 leverage ratio | 9.52% | 9.58% | 10.35% | 10.53% | 10.17% |
| Tier 1 and Common Equity Tier 1 RBC ratio | 9.85% | 9.83% | 10.09% | 11.03% | 11.60% |
| Total risk-based capital (RBC) ratio | 10.90% | 10.86% | 11.32% | 12.19% | 12.82% |
| Book value per common share | $12.20 | $11.86 | $11.93 | $11.84 | $11.61 |
| Total common shares outstanding | 4,448,898 | 4,439,743 | 4,402,292 | 4,352,319 | 4,338,161 |
| Other Ratios | | | | | |
| Non-interest bearing/total deposits | 35.30% | 37.70% | 40.30% | 36.40% | 39.00% |
| Loan to deposit ratio | 86.60% | 87.30% | 98.60% | 88.60% | 69.10% |
| Allowance for loan losses/total loans | 1.27% | 1.27% | 1.54% | 1.42% | 1.63% |

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

| | Quarter Ended | | | Year-to-Date | |
|---|---|---|---|---|---|
| | 9/30/15 | 6/30/15 | 9/30/14 | 9/30/15 | 9/30/14 |
| Interest and fees on loans and leases | $5,658 | $5,394 | $3,786 | $15,799 | $11,076 |
| Interest on investment securities | 380 | 438 | 430 | 1,304 | 1,242 |
| Other interest income | 19 | 15 | 56 | 46 | 204 |
| Total interest income | 6,057 | 5,847 | 4,272 | 17,149 | 12,522 |
| Interest expense | 269 | 258 | 175 | 715 | 628 |
| Net interest income | 5,788 | 5,589 | 4,097 | 16,434 | 11,894 |
| Provision for loan losses | 259 | 1,756 | - | 3,047 | - |
| Net interest income after provision for loan losses | 5,529 | 3,833 | 4,097 | 13,387 | 11,894 |
| Service charges, fees and other income | 312 | 452 | 260 | 1,011 | 693 |
| Income from bank owned life insurance | 88 | 87 | 74 | 259 | 250 |
| Gain (Loss) on sale of investment securities | (33) | - | 22 | (33) | 22 |
| Total non-interest income | 367 | 539 | 356 | 1,237 | 965 |
| Compensation and benefit expenses | 2,292 | 2,361 | 2,072 | 7,086 | 6,148 |
| Occupancy and equipment expenses | 614 | 628 | 568 | 1,853 | 1,757 |
| Other operating expenses | 860 | 762 | 705 | 2,338 | 1,984 |
| Total non-interest expense | 3,766 | 3,751 | 3,345 | 11,277 | 9,889 |
| Income before income taxes | 2,130 | 621 | 1,108 | 3,347 | 2,970 |
| Provision for income taxes | 861 | 227 | 462 | 1,310 | 1,221 |
| Net income | $1,269 | $394 | $646 | $2,037 | $1,749 |
| Basic earnings per common share | $0.29 | $0.09 | $0.15 | $0.46 | $0.41 |
| Diluted earnings per common share | $0.28 | $0.09 | $0.15 | $0.45 | $0.40 |
| Average common shares outstanding | 4,446,326 | 4,419,708 | 4,336,761 | 4,412,588 | 4,317,122 |
| Average common fully diluted shares | 4,553,640 | 4,533,060 | 4,419,603 | 4,514,388 | 4,395,979 |
| Annualized returns: | | | | | |
| Return on average assets | 0.89% | 0.29% | 0.54% | 0.50% | 0.49% |
| Return on average common equity | 9.44% | 2.98% | 5.16% | 5.12% | 4.71% |
| Net interest margin | 4.46% | 4.53% | 3.73% | 4.60% | 3.66% |
| Cost of funds | 0.21% | 0.21% | 0.16% | 0.20% | 0.20% |
| Efficiency ratio | 61.19% | 61.21% | 75.12% | 63.82% | 76.90% |

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

| | 9/30/15 | 6/30/15 | 3/31/15 | 12/31/14 | 9/30/14 |
|---|---|---|---|---|---|
| Allowance for Loan Losses | | | | | |
| Balance, beginning of quarter | $5,122 | $5,912 | $4,873 | $4,826 | $4,809 |
| Provision for loan losses, quarterly | 259 | 1,756 | 1,031 | 39 | - |
| Charge-offs, quarterly | - | (2,554) | - | - | - |
| Recoveries, quarterly | 13 | 8 | 8 | 8 | 17 |
| Balance, end of quarter | $5,394 | $5,122 | $5,912 | $4,873 | $4,826 |
| | | | | | |
| Nonperforming Assets | | | | | |
| Loans accounted for on a non-accrual basis | $2,409 | $3,930 | $7,478 | $5,243 | $6,412 |
| Loans with principal or interest contractually past due 90 days or more and still accruing interest | - | - | - | - | - |
| Nonperforming loans | 2,409 | 3,930 | 7,478 | 5,243 | 6,412 |
| Other real estate owned | - | - | - | - | - |
| Nonperforming assets | $2,409 | $3,930 | $7,478 | $5,243 | $6,412 |
| Loans restructured and in compliance with modified terms | 477 | 477 | 481 | - | - |
| Nonperforming assets & restructured loans | $2,886 | $4,407 | $7,959 | $5,243 | $6,412 |
| | | | | | |
| Nonperforming Loans by Asset Type: | | | | | |
| Commercial | $2,409 | $3,930 | $7,478 | $5,243 | $5,917 |
| Other real estate | - | - | - | - | 495 |
| Nonperforming loans | $2,409 | $3,930 | $7,478 | $5,243 | $6,412 |
| | | | | | |
| Asset Quality Ratios | | | | | |
| Allowance for loan losses / gross loans | 1.27% | 1.27% | 1.54% | 1.42% | 1.63% |
| Allowance for loan losses / nonperforming loans | 223.91% | 130.33% | 79.06% | 92.94% | 75.27% |
| Nonperforming assets / total assets | 0.42% | 0.71% | 1.42% | 1.12% | 1.32% |
| Nonperforming loans / gross loans | 0.57% | 0.97% | 1.95% | 1.53% | 2.17% |
| Net quarterly charge-offs / gross loans | 0.00% | 0.63% | 0.00% | 0.00% | -0.01% |