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PRESS RELEASE

Avidbank Holdings, Inc. Announces 34% Increase in Net Income to $3,681,000 in 2015

PALO ALTO, CA – (Business Wire) – 02/10/16 – 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 $3,681,000 for 2015 compared to $2,744,000 in 2014.

Full Year and Fourth Quarter 2015 Financial Highlights

- Net income was $3,681,000 in 2015, compared to $2,744,000 in 2014. Results for 2015 included a loan loss provision of $3,047,000 compared to a $39,000 loan loss provision in 2014. Net interest income was $22,253,000 in 2015, an increase of $5,877,000 over the $16,376,000 we achieved in 2014.
- Diluted earnings per common share were $0.81 in 2015, compared to $0.62 in 2014.
- Net interest income was $5,821,000 for the fourth quarter of 2015, an increase of $1,338,000 over the $4,483,000 we achieved in the fourth quarter of 2014. The 30% increase over the prior year quarter reflects the improved earnings potential resulting from our significant loan growth in 2015.
- Net income was $1,645,000 for the fourth quarter of 2015, compared to $996,000 for the fourth quarter of 2014. Results for the fourth quarter of 2015 included no loan loss provision compared a $39,000 loan loss provision in the fourth quarter of 2014.
- Diluted earnings per common share were $0.36 for the fourth quarter of 2015, compared to $0.22 for the fourth quarter of 2014.
- Total assets grew by 28% in 2015, ending the fourth quarter at $602 million.
- Total loans outstanding grew by 18% in 2015, ending the fourth quarter at $403 million.
- Total deposits grew by 38% in 2015, ending the fourth quarter at $532 million.
- The Bank continues to be well capitalized with a Tier 1 Leverage Ratio of 9.7%, a Tier 1 Risk Based Capital and Common Equity Tier 1 Risk Based Capital Ratio of 10.6%, and a Total Risk Based Capital Ratio of 11.6%.

Mark D. Mordell, Chairman and Chief Executive Officer, stated, "Our results dramatically improved in 2015 over the prior year and show the impact of two years of sustained loan growth. Loans outstanding increased by 18% in 2015 following on a 33% increase in 2014. We have invested heavily and worked hard to achieve this loan growth while maintaining strict standards for credit quality. Our charge-offs in 2015 derived from a single relationship and our non-performing loans at December 31, 2015 also resulted from a single relationship. Our non-performing loans have dropped to 0.47% of total loans. Net interest income increased by 30% in the fourth quarter of 2015 compared to the fourth quarter of 2014. We continue to manage our expenses and our efficiency ratio has improved to 59% compared to 68% for the fourth quarter of the prior year. As we increase in size we are gaining efficiencies and increasing our ability to penetrate the market and these will be major contributors to our profitability going forward."

“The Bank's total deposits increased by $40 million in the fourth quarter of 2015 as a result of increased demand deposit accounts. Core deposits make up over 88% of total deposits and our demand deposits and interest checking accounts were 43% of total deposits as of December 31, 2015," noted Mr. Mordell. "The growth in loans, which have greater yields than other earning assets, has resulted in an improvement in our net interest margin to 4.52% in 2015 compared to 3.79% in 2014. These trends have been consistent throughout 2015 and have resulted in an increase in net interest income of $5.9 million from $16.4 million in 2014 to $22.3 million in 2015. To provide capacity for our future growth we raised $12 million of ten year subordinated debt in November 2015 as announced in our press release at the time. This debt bears interest at 6.875% annually and is fixed for the first five years and variable for the remainder of the term. We will downstream capital to the Bank as needed to maintain healthy capital ratios and appropriate levels required for real estate loan concentrations.”

Results for the twelve months ended December 31, 2015

Net interest income before provision for loan losses was $22.3 million in 2015, an increase of $5,877,000 or 35.9% over the same period from the prior year. Higher outstanding loan balances and stable interest rates paid on deposits were partially offset by lower loan yields. Average earning assets were $504 million in 2015, a 15% increase over the prior year. Net interest margin was 4.52% for 2015 year to date compared to 3.79% for 2014. The increase in net interest margin was primarily caused by growth in average loans and a decrease in average Fed funds sold partially offset by a decline in loan yields due to the current interest rate environment. A loan loss provision of $3,047,000 was recorded in 2015 and a $39.000 provision was taken in 2014. We had charge-offs net of recoveries of $2,527,000 in 2015 compared to net recoveries of $46,000 in the same period of 2014.

Non-interest income, excluding gains and losses on sales of securities, was $1,645,000 in 2015, an increase of $338,000 or 26% 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 2014 of $261,000 and a loss of $33,000 related to a small repositioning of securities in the investment portfolio in 2015.

Non-interest expense grew by $1,576,000 or 12% in 2015 to $14.9 million compared to $13.4 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.

Results for the quarter ended December 31, 2015

For the three months ended December 31, 2015, net interest income before provision for loan losses was $5.8 million, an increase of $1.3 million or 30% compared to the fourth quarter of 2014. The increase was primarily the result of higher loans outstanding. Average loans outstanding for the quarter ended December 31, 2015 were $401 million, compared to $317 million for the same quarter in 2014, an increase of $84 million or 26%. Average earning assets were $539 million in the fourth quarter of 2015, a 27% increase over the fourth quarter of the prior year. Net interest margin was 4.32% for the fourth quarter of 2015, compared to 4.20% for the fourth quarter of 2014. Net interest margin increased due to growth in loans. No loan loss provision was taken in the fourth quarter of 2015 and a loan loss provision of $39,000 was taken in the fourth quarter of 2014.

Non-interest income, excluding gains on sales of securities, was $374,000 in the fourth quarter of 2015, an increase of $9,000 or 2% over the fourth quarter of 2014. The increase was due to increases in FHLB dividends, service charges and other fee generation activities. There were no gains or losses on sales of securities in the fourth quarter of 2015 compared to a gain of $239,000 on sales of securities in the fourth quarter of 2014.

Non-interest expense grew by $188,000 in the fourth quarter of 2015 to $3.7 million compared to $3.5 million for the fourth quarter of 2014. This growth was due to investments in loan production personnel. The Bank's full time equivalent employees at December 31, 2015 and 2014 were 63 and 60, respectively. The Bank's efficiency ratio improved from 68% in the fourth quarter of 2014 to 59% in the fourth quarter of 2015.

Balance Sheet

Total assets increased to $602 million as of December 31, 2015, compared to $577 million at September 30, 2015 and $469 million on the same date one year ago. The increase in total assets of $25 million, or 4%, from September 30, 2015 was primarily due to the increase in demand deposit accounts in the fourth quarter of 2015. The Company reported gross loans outstanding at December 31, 2015 of $403 million, which represented a decrease of $22.6 million, or 5%, over $425 million at September 30, 2015, and an increase of $61 million, or 18%, over $342 million at December 31, 2014. The decrease in total gross loans from September 30, 2015 was primarily attributable to payoffs of construction and commercial real estate loans. The increase in loans from December 31, 2014 was attributable to growth in the construction, commercial real estate and commercial lending categories.

Balance Sheet (continued)

Non-accrual loans totaled $1.9 million or 0.47% of total loans on December 31, 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 and our non-performing loans represent a single relationship," observed Mr. Mordell.

The Company's total deposits were $532 million as of December 31, 2015, which represented an increase of $40 million, or 8%, compared to $491 million at September 30, 2015 and an increase of $146 million, or 38%, compared to $386 million at December 31, 2014. The increase in deposits from September 30, 2015 was primarily attributable to an increase in demand deposit accounts, while the increase from December 31, 2014 was primarily attributable to an increase in demand deposit accounts, money market deposits and brokered deposits.

Demand and transaction deposits represented 43.1% of total deposits at December 31, 2015, compared to 39.4% at September 30, 2015 and 41.9% for the same period one year ago. Core deposits represented 88.5% of total deposits at December 31, 2015, compared to 89.4% at September 30, 2015 and 94.2% at December 31, 2014.

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	12/31/15	9/30/15	6/30/15	3/31/15	12/31/14
Cash and due from banks	$21,277	$21,674	$19,773	$17,321	$17,986
Fed funds sold	89,045	36,220	35,875	20,830	8,150
Total cash and cash equivalents	110,322	57,894	55,648	38,151	26,136
Investment securities - available for sale	69,766	71,723	74,560	83,316	79,501
Loans, net of deferred loan fees	402,658	425,224	404,036	383,422	341,966
Allowance for loan losses	(5,394)	(5,394)	(5,122)	(5,912)	(4,873)
Loans, net of allowance for loan losses	397,264	419,830	398,914	377,510	337,093
Bank owned life insurance	12,293	12,204	12,116	12,029	11,944
Premises and equipment, net	862	901	989	1,046	1,024
Accrued interest receivable & other assets	11,129	14,197	13,995	15,256	13,343
Total assets	$601,636	$576,749	$556,222	$527,308	$469,041
Liabilities					
Non-interest-bearing demand deposits	$207,296	$173,600	$174,265	$156,606	$140,429
Interest bearing transaction accounts	22,068	19,771	18,647	21,567	21,170
Money market and savings accounts	227,089	230,865	202,758	170,872	185,778
Time deposits	75,291	67,054	67,100	39,873	38,544
Total deposits	531,744	491,290	462,770	388,918	385,921
FHLB Borrowing	-	25,000	35,000	80,000	25,000
Subordinated Debt	12,000	-	-	-	-
Other liabilities	2,267	6,192	5,816	5,859	6,573
Total liabilities	546,011	522,482	503,586	474,777	417,494
Shareholders' equity					
Common stock/additional paid-in capital	45,950	47,032	46,891	45,596	45,206
Retained earnings	9,724	6,981	5,712	6,441	6,162
Accumulated other comprehensive income	(49)	254	33	494	179
Total shareholders' equity	55,625	54,267	52,636	52,531	51,547
Total liabilities and shareholders' equity	$601,636	$576,749	$556,222	$527,308	$469,041
Bank Capital ratios					
Tier 1 leverage ratio	9.74%	9.52%	9.58%	10.35%	10.53%
Tier 1 and Common Equity Tier 1 RBC ratio	10.57%	9.57%	9.83%	10.09%	11.03%
Total risk-based capital (RBC) ratio	11.63%	10.60%	10.86%	11.32%	12.19%
Book value per common share	$12.49	$12.20	$11.86	$11.93	$11.84
Total common shares outstanding	4,452,853	4,448,898	4,439,743	4,402,292	4,352,319
Other Ratios					
Non-interest bearing/total deposits	39.0%	35.3%	37.7%	40.3%	36.4%
Loan to deposit ratio	75.7%	86.6%	87.3%	98.6%	88.6%
Allowance for loan losses/total loans	1.34%	1.27%	1.27%	1.54%	1.42%

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

	Quarter Ended			Year Ended	
	12/31/15	9/30/15	12/31/14	12/31/15	12/31/14
Interest and fees on loans and leases	$5,745	$5,658	$4,128	$21,543	$15,204
Interest on investment securities	426	380	497	1,730	1,739
Other interest income	49	19	28	94	231
Total interest income	6,220	6,057	4,653	23,367	17,174
Deposit interest expense	284	250	169	925	791
Other interest expense	115	19	1	189	7
Total interest expense	399	269	170	1,114	798
Net interest income	5,821	5,788	4,483	22,253	16,376
Provision for loan losses	-	259	39	3,047	39
Net interest income after provision for loan losses	5,821	5,529	4,444	19,206	16,337
Service charges, fees and other income	285	312	278	1,297	970
Income from bank owned life insurance	89	88	87	348	337
Gain (Loss) on sale of investment securities	-	(33)	239	(33)	261
Total non-interest income	374	367	604	1,612	1,568
Compensation and benefit expenses	2,202	2,292	2,147	9,288	8,295
Occupancy and equipment expenses	594	614	568	2,446	2,325
Other operating expenses	869	860	762	3,207	2,745
Total non-interest expense	3,665	3,766	3,477	14,941	13,365
Income before income taxes	2,530	2,130	1,571	5,877	4,540
Provision for income taxes	885	861	575	2,196	1,796
Net income	$1,645	$1,269	$996	$3,681	$2,744
Basic earnings per common share	$0.37	$0.29	$0.23	$0.83	$0.63
Diluted earnings per common share	$0.36	$0.28	$0.22	$0.81	$0.62
Average common shares outstanding	4,450,315	4,446,326	4,343,719	4,421,580	4,323,826
Average common fully diluted shares	4,570,053	4,553,640	4,428,005	4,519,136	4,400,659
Annualized returns:					
Return on average assets	1.12%	0.89%	0.83%	0.67%	0.57%
Return on average common equity	11.92%	9.44%	7.95%	6.87%	5.54%
Net interest margin	4.32%	4.46%	4.20%	4.52%	3.79%
Cost of funds	0.30%	0.21%	0.16%	0.23%	0.19%
Efficiency ratio	59.16%	61.19%	68.35%	62.61%	74.48%

Avidbank Holdings, Inc.

Credit Trends

($000, except ratios) (Unaudited)

	12/31/15	9/30/15	6/30/15	3/31/15	12/31/14
Allowance for Loan Losses					
Balance, beginning of quarter	$5,394	$5,122	$5,912	$4,873	$4,826
Provision for loan losses, quarterly	-	259	1,756	1,031	39
Charge-offs, quarterly	-	-	(2,554)	-	-
Recoveries, quarterly	-	13	8	8	8
Balance, end of quarter	$5,394	$5,394	$5,122	$5,912	$4,873
Nonperforming Assets					
Loans accounted for on a non-accrual basis	$1,899	$2,409	$3,930	$7,478	$5,243
Loans with principal or interest contractually past due 90 days or more and still accruing interest	-	-	-	-	-
Nonperforming loans	1,899	2,409	3,930	7,478	5,243
Other real estate owned	-	-	-	-	-
Nonperforming assets	$1,899	$2,409	$3,930	$7,478	$5,243
Loans restructured and in compliance with modified terms	477	477	477	481	-
Nonperforming assets & restructured loans	$2,376	$2,886	$4,407	$7,959	$5,243
Nonperforming Loans by Asset Type:					
Commercial	$1,899	$2,409	$3,930	$7,478	$5,243
Other real estate	-	-	-	-	-
Nonperforming loans	$1,899	$2,409	$3,930	$7,478	$5,243
Asset Quality Ratios					
Allowance for loan losses / gross loans	1.34%	1.27%	1.27%	1.54%	1.42%
Allowance for loan losses / nonperforming loans	284.04%	223.91%	130.33%	79.06%	92.94%
Nonperforming assets / total assets	0.32%	0.42%	0.71%	1.42%	1.12%
Nonperforming loans / gross loans	0.47%	0.57%	0.97%	1.95%	1.53%
Net quarterly charge-offs / gross loans	0.00%	0.00%	0.63%	0.00%	0.00%