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PRESS RELEASE

Avidbank Holdings, Inc. Announces Net Income of $3,299,000 for the Second Quarter of 2016

PALO ALTO, CA -- (Business Wire) -- 07/27/16 -- 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 $3,299,000 for the second quarter of 2016 compared to $394,000 for the same period in 2015.

Year-to-Date and Second Quarter 2016 Financial Highlights

- Net income was $4,507,000 in the first six months of 2016, compared to $768,000 in the first six months of 2015. Results for the first six months of 2016 included $1,473,000 of income from benefits on bank owned life insurance and no loan loss provision. Results for the first six months of 2015 included a provision for loan losses of $2,787,000. Net interest income was $11,841,000 in the first six months of 2016, an increase of $1,196,000 over the figure recorded in the first six months of 2015.
- Diluted earnings per common share were $0.98 in the first six months of 2016, compared to $0.17 in the first six months of 2015.
- Net interest income was $6,271,000 for the second quarter of 2016, an increase of $682,000 over the $5,589,000 we achieved in the second quarter of 2015. The 12% increase over the prior year quarter reflects the improved revenue resulting from our continued loan growth in 2016.
- Net income was $3,299,000 for the second quarter of 2016, compared to $394,000 for the second quarter of 2015. Results for the second quarter of 2016 included a $1,473,000 life insurance benefit and no loan loss provision compared to a $1,756,000 loan loss provision in the second quarter of 2015.
- Diluted earnings per common share were $0.71 for the second quarter of 2016, compared to $0.09 for the second quarter of 2015.
- Total assets grew by 7% in the first six months of 2016, ending the second quarter at $641 million.
- Total loans outstanding grew by 4% in the first six months of 2016, ending the second quarter at $419 million.
- Total deposits grew by 6% in the first six months of 2016, ending the second quarter at $566 million.
- The Company continues to be well capitalized with a Tier 1 Leverage Ratio of 9.8%, a Tier 1 Risk Based Capital and Common Equity Tier 1 Risk Based Capital Ratio of 10.7%, and a Total Risk Based Capital Ratio of 13.8%.

Mark D. Mordell, Chairman and Chief Executive Officer, stated, "Our second quarter of 2016 core earnings showed strength as net interest income increased to $6.3 million, a 13% increase over the previous quarter and a 12% increase over the second quarter of 2015. This revenue growth was accomplished while non-interest expenses of $3.8 million for the second quarter of 2016 decreased by 3% over the immediately preceding quarter and increased by only 1% over the second quarter of 2015. Our second quarter results also reflect $1.5 million in income from life insurance policies held on one of the Bank’s co-founders who unfortunately passed away earlier this year.

"We are pleased that our non-performing loans have dropped to 0.09% of total loans compared to 0.97% one year ago. Continuing to maintain high underwriting standards is critical as real estate and company valuations in the Bay Area are at the top of the market at this point in time. We continue to manage our expenses and our efficiency ratio excluding the impact of the income from bank owned life insurance policies has dropped into the low 60% range for the first six months of 2016. The increased efficiencies from our growth and managed expenses allow us to continue to invest in key lending personnel as we expand our business development efforts. The Bank's total deposits increased by $24 million in the second quarter of 2016 and by $103 million from the same quarter in 2015 as we saw dramatic increases in demand deposits from both new and existing clients. As a result, our core deposits increased to 89.9% of total deposits in June 2016 from 85.3% in March

2016. Our net interest margin improved to 4.42% in June compared to 3.93% for the previous quarter due to our loan growth and the recognition of interest from non-accrual loans that have paid off. Our business fundamentals provide us with a solid foundation heading into the remainder of the year."

Results for the six months ended June 30, 2016

Net interest income before provision for loan losses was $11.8 million in the first six months of 2016, an increase of $1,196,000 or 11% over the same period from the prior year. Higher outstanding average loan balances were the primary reason for the increase. Average earning assets were $562 million in the first six months of 2016, a 20% increase over the prior year. Net interest margin was 4.21% for 2016 year to date compared to 4.49% for 2015. The decrease in net interest margin was primarily caused by a decline in loan yields due to the current interest rate environment and increased subordinated debt borrowing costs. No loan loss provision was recorded in the first six months of 2016 and a $2,787,000 provision was taken in 2015. We had net recoveries of $37,000 in the first six months of 2016 compared to net charge-offs of $2,540,000 in the same period of 2015.

Non-interest income, excluding gains on sales of securities, was $2,317,000 in the first six months of 2016, an increase of $1,446,000 or 166% over 2015. The increase in non-interest income was primarily due to the previously mentioned benefit from bank owned life insurance policies and was partially offset by changes in service charges and other fee generation activities.

Non-interest expense grew by $225,000 or 3% in the first six months of 2016 to $7.7 million compared to $7.5 million in 2015. This growth was primarily due to investments in loan production personnel as we continue to expand our footprint and grow our loan portfolio.

Results for the quarter ended June 30, 2016

For the three months ended June 30, 2016, net interest income before provision for loan losses was $6.3 million, an increase of $0.7 million or 12% compared to the second quarter of 2015. The increase was primarily the result of higher average loans outstanding partially offset by an increase in interest expense. Average gross loans outstanding for the quarter ended June 30, 2016 were $429.8 million, compared to $400.8 million for the same quarter in 2015, an increase of $29 million or 7%. Average earning assets were $570.4 million in the second quarter of 2016, a 20% increase over the second quarter of the prior year. The mix of average earning assets was comprised of 75% loans at the end of the second quarter 2016 compared to 79% loans at the end of the second quarter of 2015. Net interest margin was 4.42% for the second quarter of 2016, compared to 4.43% for the second quarter of 2015. No loan loss provision was taken in the second quarter of 2016 and a loan loss provision of $1,756,000 was taken in the second quarter of 2015.

Non-interest income was $1,932,000 in the second quarter of 2016, an increase of $1,393,000 or 258% over the second quarter of 2015. The increase was due to the previously mentioned benefit from bank owned life insurance policies. There were no gains or losses on sales of securities in the second quarter of 2016 or 2015.

Non-interest expense grew by $53,000 in the second quarter of 2016 to $3,804,000 compared to $3,751,000 for the second quarter of 2015. This increase was primarily due to hiring additional loan production personnel and was partially offset by an increased deferral of loan origination costs from increased loan fundings. The Bank's full time equivalent employees at June 30, 2016 and 2015 were 67 and 61, respectively. The Bank's efficiency ratio improved from 61% in the second quarter of 2015 to 46% in the second quarter of 2016.

Balance Sheet

Total assets increased to $641 million as of June 30, 2016, compared to $613 million at March 31, 2016 and $556 million on the same date one year ago. The increase in total assets of $28 million, or 5%, from March 31, 2016 was primarily due to our increase in demand deposits, which were used to purchase investment securities during the second quarter of 2016. The Company reported gross loans outstanding at June 30, 2016 of $419 million, which represented a decrease of $4 million, or 1%, from $423 million at March 31, 2016, and an increase of $15 million, or 4%, over $404 million at June 30, 2015. The decrease in total gross loans from March 31, 2016 was primarily attributable to decreased utilization and payoffs of commercial and asset-based lending loans. The increase in loans from June 30, 2015 was attributable to growth in the construction, multi-family and commercial real estate lending categories.

Balance Sheet (continued)

Non-accrual loans totaled $0.4 million or 0.09% of total loans on June 30, 2016 compared to $3.9 million or 0.97% of total loans at the end of the second quarter of the prior year. "Credit quality remains the primary consideration in our lending decisions and our non-performing loans currently represent a single relationship," observed Mr. Mordell.

The Company's total deposits were $566 million as of June 30, 2016, which represented an increase of $24 million, or 4%, compared to $542 million at March 31, 2016 and an increase of $103 million, or 22%, compared to $463 million at June 30, 2015. The increases in deposits from March 31, 2016 and from June 30, 2015 were both primarily attributable to an increase in demand deposits.

Demand and transaction deposits represented 48.9% of total deposits at June 30, 2016, compared to 40.6% at March 31, 2016 and 41.7% for the same period one year ago. Core deposits represented 89.9% of total deposits at June 30, 2016, compared to 85.3% at March 31, 2016 and 88.7% at June 30, 2015.

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	6/30/16	3/31/16	12/31/15	9/30/15	6/30/15
Cash and due from banks	$23,797	$27,125	$21,277	$21,674	$19,773
Fed funds sold	80,775	73,885	89,045	36,220	35,875
Total cash and cash equivalents	104,572	101,010	110,322	57,894	55,648
Investment securities - available for sale	94,853	68,541	69,766	71,723	74,560
Loans, net of deferred loan fees	418,809	422,855	402,658	425,224	404,036
Allowance for loan losses	(5,431)	(5,406)	(5,394)	(5,394)	(5,122)
Loans, net of allowance for loan losses	413,378	417,449	397,264	419,830	398,914
Bank owned life insurance	10,186	12,380	12,293	12,204	12,116
Premises and equipment, net	704	795	862	901	989
Accrued interest receivable & other assets	17,521	13,169	11,129	14,197	13,995
Total assets	$641,214	$613,344	$601,636	$576,749	$556,222
Liabilities					
Non-interest-bearing demand deposits	$258,978	$199,630	$207,296	$173,600	$174,265
Interest bearing transaction accounts	17,717	20,391	22,068	19,771	18,647
Money market and savings accounts	216,564	229,031	227,089	230,865	202,758
Time deposits	72,917	93,273	75,291	67,054	67,100
Total deposits	566,176	542,325	531,744	491,290	462,770
FHLB advances	-	-	-	25,000	35,000
Subordinated debt	12,000	12,000	12,000	-	-
Other liabilities	2,026	1,912	2,267	6,192	5,816
Total liabilities	580,202	556,237	546,011	522,482	503,586
Shareholders' equity					
Common stock/additional paid-in capital	46,082	45,610	45,950	47,032	46,891
Retained earnings	14,401	11,102	9,724	6,981	5,712
Accumulated other comprehensive income (loss)	529	395	(49)	254	33
Total shareholders' equity	61,012	57,107	55,625	54,267	52,636
Total liabilities and shareholders' equity	$641,214	$613,344	$601,636	$576,749	$556,222
Capital ratios					
Tier 1 leverage ratio	9.83%	9.30%	9.41%	9.52%	9.58%
Tier 1 and Common Equity Tier 1 RBC ratio	10.37%	9.91%	10.21%	9.57%	9.83%
Total risk-based capital (RBC) ratio	13.36%	12.94%	13.40%	10.60%	10.86%
Book value per common share	$13.27	$12.59	$12.49	$12.20	$11.86
Total common shares outstanding	4,597,128	4,537,577	4,452,853	4,448,898	4,439,743
Other Ratios					
Non-interest bearing/total deposits	45.7%	36.8%	39.0%	35.3%	37.7%
Loan to deposit ratio	74.0%	78.0%	75.7%	86.6%	87.3%
Allowance for loan losses/total loans	1.30%	1.28%	1.34%	1.27%	1.27%

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

	Quarter Ended			Year-to-Date	
	6/30/16	3/31/16	6/30/15	6/30/16	6/30/15
Interest and fees on loans and leases	$6,260	$5,520	$5,394	$11,779	$10,142
Interest on investment securities	420	433	438	852	924
Other interest income	86	107	15	193	26
Total interest income	6,766	6,060	5,847	12,825	11,092
Deposit interest expense	277	278	227	555	391
Other interest expense	217	211	31	428	56
Total interest expense	495	489	258	984	447
Net interest income	6,271	5,571	5,589	11,841	10,645
Provision for loan losses	-	-	1,756	-	2,787
Net interest income after provision for loan losses	6,271	5,571	3,833	11,841	7,858
Service charges, fees and other income	381	298	452	679	700
Income from bank owned life insurance	1,551	87	87	1,638	171
Gain (Loss) on sale of investment securities	-	-	-	-	-
Total non-interest income	1,932	385	539	2,317	871
Compensation and benefit expenses	2,274	2,615	2,361	4,889	4,794
Occupancy and equipment expenses	515	566	628	1,080	1,239
Other operating expenses	1,015	752	762	1,767	1,478
Total non-interest expense	3,804	3,933	3,751	7,736	7,511
Income before income taxes	4,399	2,023	621	6,422	1,218
Provision for income taxes	1,100	816	227	1,916	450
Net income	$3,299	$1,207	$394	$4,507	$768
Basic earnings per common share	$0.73	$0.27	$0.09	$1.00	$0.17
Diluted earnings per common share	$0.71	$0.26	$0.09	$0.98	$0.17
Average common shares outstanding	4,548,056	4,505,140	4,419,708	4,526,598	4,390,913
Average common fully diluted shares	4,634,182	4,607,307	4,533,060	4,609,100	4,492,712
Annualized returns:					
Return on average assets	2.14%	0.79%	0.29%	1.46%	0.29%
Return on average common equity	22.65%	8.53%	2.98%	15.60%	2.92%
Net interest margin	4.42%	3.93%	4.43%	4.21%	4.49%
Cost of funds	0.36%	0.35%	0.21%	0.36%	0.19%
Efficiency ratio	46.37%	66.03%	61.21%	54.64%	65.22%

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

	6/30/16	3/31/16	12/31/15	9/30/15	6/30/15
Allowance for Loan Losses					
Balance, beginning of quarter	$5,406	$5,394	$5,394	$5,122	$5,912
Provision for loan losses, quarterly	-	-	-	259	1,756
Charge-offs, quarterly	-	-	-	-	(2,554)
Recoveries, quarterly	25	12	-	13	8
Balance, end of quarter	$5,431	$5,406	$5,394	$5,394	$5,122
Nonperforming Assets					
Loans accounted for on a non-accrual basis	$392	$1,898	$1,899	$2,409	$3,930
Loans with principal or interest contractually past due 90 days or more and still accruing interest	-	-	-	-	-
Nonperforming loans	392	1,898	1,899	2,409	3,930
Other real estate owned	-	-	-	-	-
Nonperforming assets	$392	$1,898	$1,899	$2,409	$3,930
Loans restructured and in compliance with modified terms	462	466	470	474	477
Nonperforming assets & restructured loans	$854	$2,364	$2,369	$2,883	$4,407
Nonperforming Loans by Type:					
Commercial	$392	$1,898	$1,899	$2,409	$3,930
Real Estate Loans	-	-	-	-	-
Total Nonperforming loans	$392	$1,898	$1,899	$2,409	$3,930
Asset Quality Ratios					
Allowance for loan losses / gross loans	1.30%	1.28%	1.34%	1.27%	1.27%
Allowance for loan losses / nonperforming loans	1385.46%	284.83%	284.04%	223.91%	130.33%
Nonperforming assets / total assets	0.06%	0.31%	0.32%	0.42%	0.71%
Nonperforming loans / gross loans	0.09%	0.45%	0.47%	0.57%	0.97%
Net quarterly charge-offs / gross loans	-0.01%	0.00%	0.00%	0.00%	0.63%