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PRESS RELEASE

Avidbank Holdings, Inc. Announces Net Income of $1,635,000 for the Third Quarter of 2016

PALO ALTO, CA -- (Business Wire) -- 10/21/16 -- 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 $1,635,000 for the third quarter of 2016, a 29% increase compared to $1,269,000 for the same period in 2015.

Year-to-Date and Third Quarter 2016 Financial Highlights

- Net income was $6,142,000 in the first nine months of 2016, compared to $2,037,000 in the first nine months of 2015. Results for the first nine 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 nine months of 2015 included a provision for loan losses of $3,047,000. Net interest income was $17,822,000 in the first nine months of 2016, an increase of $1,388,000 over the figure recorded in the first nine months of 2015.
- Diluted earnings per common share were $1.33 in the first nine months of 2016, compared to $0.45 in the first nine months of 2015.
- Net interest income was $5,980,000 for the third quarter of 2016, an increase of $192,000 over the $5,788,000 we achieved in the third quarter of 2015. The 3% increase over the prior year quarter reflects the improved earnings potential resulting from our continued loan growth in 2016 partially offset by subordinated debt borrowing costs.
- Net income was $1,635,000 for the third quarter of 2016, compared to $1,269,000 for the third quarter of 2015. Results for the third quarter of 2016 included no loan loss provision compared to a $259,000 loan loss provision in the third quarter of 2015.
- Diluted earnings per common share were $0.35 for the third quarter of 2016, compared to $0.28 for the third quarter of 2015.
- Total assets grew by 13% in the first nine months of 2016, ending the third quarter at $677 million.
- Total loans outstanding grew by 11% in the first nine months of 2016, ending the third quarter at $448 million.
- Total deposits grew by 13% in the first nine months of 2016, ending the third quarter at $599 million.
- The Company continues to be well capitalized with a Tier 1 Leverage Ratio of 9.4%, 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 12.9%.

Mark D. Mordell, Chairman and Chief Executive Officer, stated, "Our strong third quarter performance is the result of our continued focus on growing our loan and deposit portfolios with quality, relationship based clients. Interest income increased to $6.5 million, a 7% increase over the third quarter of 2015. This revenue growth was accomplished with non-interest expenses of $3.6 million for the third quarter of 2016, a decrease of 7% over the immediately preceding quarter and 6% over the third quarter of 2015."

"With this growth we are pleased that our non-performing loans declined to the historically low level of 0.09% of total loans compared to 0.57% one year ago. Cautious and realistic underwriting standards remain our priority as real estate and business valuations in the Bay Area are at or above historically high levels. Careful management of our expenses has reduced our efficiency ratio excluding the impact of death benefits from bank owned life insurance policies to 59.3% for the first nine months of 2016 compared to 63.8% for the same period of the prior year. The increased efficiencies from our growth and managed expenses allow us to continue to invest in key lending personnel as well as needed infrastructure as we expand our business and market franchise. The Bank's total deposits increased by $33 million in the third quarter of 2016 and by $108 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 92.2% of total deposits in September 2016 from 89.9% in June 2016. Our net interest margin was 3.78% for the quarter ended September 2016 compared to 4.41% for the immediately preceding quarter due to changes in the mix of earning assets and the absence of non-recurring interest income received from the payoff of non-performing loans in the second quarter of 2016."

Results for the nine months ended September 30, 2016

Net interest income before provision for loan losses was $17.8 million in the first nine months of 2016, an increase of $1.4 million or 8% over the same period from the prior year. Higher outstanding loan balances were the primary reason for the increase. Average earning assets were $590 million in the first nine months of 2016, a 20% increase over the prior year. Net interest margin was 4.02% for 2016 year to date compared to 4.46% for the same period in 2015. The decrease in net interest margin was primarily caused by a decline in loan yields due to the current competitive interest rate environment and by increased subordinated debt borrowing costs. No loan loss provision was recorded in the first nine months of 2016 and a $3,047,000 provision was taken in the comparable period of 2015. We had no charge-offs and recoveries of $37,000 in the first nine months of 2016 compared to charge-offs of $2,554,000 and recoveries of $27,000 in the same period of 2015.

Non-interest income was $2,679,000 in the first nine months of 2016, an increase of $1,442,000 or 117% over 2015 which was directly attributable to $1,473,000 in life insurance benefits received in the second quarter of 2016.

Non-interest expense of $11.3 million remained flat in the first nine months of 2016 compared to the first nine months of 2015 as investments in loan production personnel were offset by increased deferred costs on new loan originations and loan renewals.

Results for the quarter ended September 30, 2016

For the three months ended September 30, 2016, net interest income before provision for loan losses was $6 million, an increase of $0.2 million or 3% compared to the third quarter of 2015. The increase was primarily the result of higher average loans outstanding partially offset by an increase in interest expense from subordinated debt borrowing costs. Average gross loans outstanding for the quarter ended September 30, 2016 were $436.7 million, compared to $415.7 million for the same quarter in 2015, an increase of $21 million or 5%. Average earning assets were $630 million in the third quarter of 2016, a 21% increase over the third quarter of the prior year. Loans made up 69% of average earning assets at the end of the third quarter of 2016 compared to 80% at the end of the third quarter of 2015. Net interest margin was 3.78% for the third quarter of 2016, compared to 4.40% for the third quarter of 2015. No loan loss provision was taken in the third quarter of 2016 and a loan loss provision of $259,000 was taken in the third quarter of 2015.

Non-interest income was $362,000 in the third quarter of 2016, a decrease of $5,000 or 1% compared to the third quarter of 2015. The decrease was due to an FHLB special dividend in 2015 partially offset by income from an SBIC fund investment. There were losses on sales of securities in the third quarter of 2016 and 2015 of $4,000 and $33,000, respectively.

Non-interest expense declined by $215,000 in the third quarter of 2016 to $3,551,000 compared to $3,766,000 for the third quarter of 2015. This decrease was primarily due to increased deferrals of loan origination costs and the recovery of expenses associated with the payoff of non-performing loans, and was partially offset by hiring additional loan production personnel. The Bank's full time equivalent employees at September 30, 2016 and 2015 were 68 and 63, respectively. The Bank's efficiency ratio improved from 61% in the third quarter of 2015 to 56% in the third quarter of 2016.

Balance Sheet

Total assets increased to $677 million as of September 30, 2016, compared to $641 million at June 30, 2016 and $577 million on the same date one year ago. The increase in total assets of $36 million, or 6%, from June 30, 2016 was primarily due to our increase in demand deposits, which funded the increases in our loans, investments and federal funds sold in the third quarter of 2016. The Company reported gross loans outstanding at September 30, 2016 of $448 million, which represented an increase of $29 million, or 7%, from $419 million at June 30, 2016, and an increase of $23 million, or 5%, over $425 million at September 30, 2015. The increase in total gross loans from June 30, 2016 was primarily attributable to increased multi-family and Corporate Finance loans. The increase in loans from September 30, 2015 was also attributable to growth in multi-family and Corporate Finance loans.

Balance Sheet (continued)

Non-accrual loans totaled $0.4 million or 0.09% of total loans on September 30, 2016 compared to $2.4 million or 0.57% of total loans at the end of the third quarter of the prior year. "Credit quality remains the primary consideration in our lending decisions and our non-performing loans category currently represents a single loan," observed Mr. Mordell.

The Company's total deposits were $599 million as of September 30, 2016, which represented an increase of $33 million, or 6%, compared to $566 million at June 30, 2016 and an increase of $108 million, or 22%, compared to $491 million at September 30, 2015. The increases in deposits from June 30, 2016 and from September 30, 2015 were both primarily attributable to increases in demand deposits.

Demand and transaction deposits represented 53.1% of total deposits at September 30, 2016, compared to 48.9% at June 30, 2016 and 39.4% for the same period one year ago. Core deposits represented 92.2% of total deposits at September 30, 2016, compared to 89.9% at June 30, 2016 and 89.4% at September 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 and per share amounts) (Unaudited)

Assets	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
Cash and due from banks	$15,363	$23,797	$27,125	$21,277	$21,674
Fed funds sold	92,950	80,775	73,885	89,045	36,220
Total cash and cash equivalents	108,313	104,572	101,010	110,322	57,894
Investment securities - available for sale	100,350	94,853	68,541	69,766	71,723
Loans, net of deferred loan fees	447,852	418,809	422,855	402,658	425,224
Allowance for loan losses	(5,431)	(5,431)	(5,406)	(5,394)	(5,394)
Loans, net of allowance for loan losses	442,421	413,378	417,449	397,264	419,830
Bank owned life insurance	10,261	10,186	12,380	12,293	12,204
Premises and equipment, net	640	704	795	862	901
Accrued interest receivable & other assets	14,895	17,521	13,169	11,129	14,197
Total assets	$676,880	$641,214	$613,344	$601,636	$576,749
Liabilities					
Non-interest-bearing demand deposits	$298,275	$258,978	$199,630	$207,296	$173,600
Interest bearing transaction accounts	20,034	17,717	20,391	22,068	19,771
Money market and savings accounts	219,203	216,564	229,031	227,089	230,865
Time deposits	61,793	72,917	93,273	75,291	67,054
Total deposits	599,305	566,176	542,325	531,744	491,290
FHLB advances	-	-	-	-	25,000
Subordinated debt	12,000	12,000	12,000	-	-
Other liabilities	2,538	2,026	1,912	2,267	6,192
Total liabilities	613,843	580,202	556,237	546,011	522,482
Shareholders' equity					
Common stock/additional paid-in capital	46,539	46,082	45,610	45,950	47,032
Retained earnings	16,036	14,401	11,102	9,724	6,981
Accumulated other comprehensive income (loss)	462	529	395	(49)	254
Total shareholders' equity	63,037	61,012	57,107	55,625	54,267
Total liabilities and shareholders' equity	$676,880	$641,214	$613,344	$601,636	$576,749
Capital ratios					
Tier 1 leverage ratio	9.42%	9.83%	9.30%	9.41%	9.52%
Tier 1 and Common Equity Tier 1 RBC ratio	10.12%	10.37%	9.91%	10.21%	9.57%
Total risk-based capital (RBC) ratio	12.94%	13.36%	12.94%	13.40%	10.60%
Book value per common share	$13.46	$13.27	$12.59	$12.49	$12.20
Total common shares outstanding	4,682,851	4,596,200	4,537,577	4,452,853	4,448,898
Other Ratios					
Non-interest bearing/total deposits	49.8%	45.7%	36.8%	39.0%	35.3%
Loan to deposit ratio	74.7%	74.0%	78.0%	75.7%	86.6%
Allowance for loan losses/total loans	1.21%	1.30%	1.28%	1.34%	1.27%

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

	Quarter Ended			Year-to-Date	
	9/30/16	6/30/16	9/30/15	9/30/16	9/30/15
Interest and fees on loans and leases	$5,856	$6,260	$5,658	$17,635	$15,799
Interest on investment securities	495	420	380	1,348	1,304
Other interest income	121	86	19	314	46
Total interest income	6,472	6,766	6,057	19,297	17,149
Deposit interest expense	279	277	250	835	641
Other interest expense	213	217	19	641	74
Total interest expense	492	495	269	1,476	715
Net interest income	5,980	6,271	5,788	17,822	16,434
Provision for loan losses	-	-	259	-	3,047
Net interest income after provision for loan losses	5,980	6,271	5,529	17,822	13,387
Service charges, fees and other income	291	381	312	970	1,011
Income from bank owned life insurance	75	1,551	88	1,713	259
Gain (Loss) on sale of investment securities	(4)	-	(33)	(4)	(33)
Total non-interest income	362	1,932	367	2,679	1,237
Compensation and benefit expenses	2,145	2,274	2,292	7,034	7,086
Occupancy and equipment expenses	525	515	614	1,606	1,853
Other operating expenses	881	1,015	860	2,648	2,338
Total non-interest expense	3,551	3,804	3,766	11,288	11,277
Income before income taxes	2,791	4,399	2,130	9,213	3,347
Provision for income taxes	1,156	1,100	861	3,071	1,310
Net income	$1,635	$3,299	$1,269	$6,142	$2,037
Basic earnings per common share	$0.36	$0.73	$0.29	$1.37	$0.46
Diluted earnings per common share	$0.35	$0.71	$0.28	$1.33	$0.45
Average common shares outstanding	4,586,849	4,550,066	4,446,326	4,496,101	4,412,588
Average common fully diluted shares	4,694,744	4,636,192	4,553,640	4,635,011	4,514,388
Annualized returns:					
Return on average assets	0.98%	2.14%	0.89%	1.29%	0.50%
Return on average common equity	10.50%	22.65%	9.44%	13.89%	5.12%
Net interest margin	3.78%	4.41%	4.40%	4.02%	4.46%
Cost of funds	0.33%	0.36%	0.21%	0.35%	0.20%
Efficiency ratio	55.99%	46.37%	61.19%	55.06%	63.82%

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

Allowance for Loan Losses	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
Balance, beginning of quarter	$5,431	$5,406	$5,394	$5,394	$5,122
Provision for loan losses, quarterly	-	-	-	-	259
Charge-offs, quarterly	-	-	-	-	-
Recoveries, quarterly	-	25	12	-	13
Balance, end of quarter	$5,431	$5,431	$5,406	$5,394	$5,394

Nonperforming Assets					
Loans accounted for on a non-accrual basis	$392	$392	$1,898	$1,899	$2,409
Loans with principal or interest contractually past due 90 days or more and still accruing interest	-	-	-	-	-
Nonperforming loans	392	392	1,898	1,899	2,409
Other real estate owned	-	-	-	-	-
Nonperforming assets	$392	$392	$1,898	$1,899	$2,409
Loans restructured and in compliance with modified terms	457	462	466	470	474
Nonperforming assets & restructured loans	$849	$854	$2,364	$2,369	$2,883

Nonperforming Loans by Type:					
Commercial	$392	$392	$1,898	$1,899	$2,409
Real Estate Loans	-	-	-	-	-
Total Nonperforming loans	$392	$392	$1,898	$1,899	$2,409

Asset Quality Ratios					
Allowance for loan losses / gross loans	1.21%	1.30%	1.28%	1.34%	1.27%
Allowance for loan losses / nonperforming loans	1385.46%	1385.46%	284.83%	284.04%	223.91%
Nonperforming assets / total assets	0.06%	0.06%	0.31%	0.32%	0.42%
Nonperforming loans / gross loans	0.09%	0.09%	0.45%	0.47%	0.57%
Net quarterly charge-offs / gross loans	0.00%	-0.01%	0.00%	0.00%	0.00%