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PRESS RELEASE

Avidbank Holdings, Inc. Announces Net Income of $1,660,000 for the Third Quarter of 2017

PALO ALTO, CA – (Business Wire) – 10/19/17 – Avidbank Holdings, Inc. ("the Company") (OTC Pink: 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 $1,660,000 for the third quarter of 2017 compared to $1,635,000 for the same period in 2016.

Year-to-Date and Third Quarter 2017 Financial Highlights

- Net income was $4,645,000 for the first nine months of 2017, compared to $6,142,000 for the same period in 2016. Net income in 2016 excluding benefits from life insurance proceeds of $1,472,000 was $4,670,000. Net income in the first nine months of 2017 included a loan loss provision of $1,880,000 while no loan loss provision was recognized in the first nine months of 2016. Net interest income was $22,348,000 in the first nine months of 2017, an increase of $4,526,000 or 25% over the figure recorded in the first nine months of 2016.
- Diluted earnings per common share were $0.92 in the first nine months of 2017, compared to $1.33 in the first nine months of 2016. Weighted average common shares outstanding were 4,945,170 and 4,496,101 for the nine months ended September 30, 2017 and 2016, respectively. The increase was the result of a $20,000,000 capital raise completed during the third quarter of 2017.
- Net interest income was $7,773,000 for the third quarter of 2017, an increase of $1,793,000 over the $5,980,000 we achieved in the third quarter of 2016. The 30% increase over the prior year quarter reflects the impact of our loan growth over the past twelve months.
- Net income was $1,660,000 for the third quarter of 2017, compared to $1,635,000 for the third quarter of 2016. Results for the third quarter of 2017 included a $74,000 loan loss provision compared to no loan loss provision in the third quarter of 2016.
- Diluted earnings per common share were $0.29 for the third quarter of 2017, compared to $0.35 for the third quarter of 2016. Weighted average common shares outstanding were 5,552,977 and 4,586,849 for the three months ended September 30, 2017 and 2016, respectively. The increase was the result of a $20,000,000 capital raise completed during the third quarter of 2017.
- Total assets grew by 18% in the first nine months of 2017, ending the third quarter at $764 million.
- Total loans net of deferred fees grew by 12% in the first nine months of 2017, ending the third quarter at $579 million.
- Total deposits grew by 16% in the first nine months of 2017, ending the third quarter at $660 million.
- The Company continues to be well capitalized with a Tier 1 Leverage Ratio of 11.9%, a Tier 1 Risk Based Capital and Common Equity Tier 1 Risk Based Capital Ratio of 11.6%, and a Total Risk Based Capital Ratio of 14.3%.

Mark D. Mordell, Chairman and Chief Executive Officer, stated, "Net interest income increased to $7.8 million in the third quarter of 2017, a 30% increase over the third quarter of 2016 due to our strong loan growth over the past twelve months, despite declines caused by anticipated construction loan payoffs. As a result of the significant loan growth over the past twelve months, we have increased our loan loss reserve to $8.2 million as our portfolio seasons. The downgrading of a single relationship due to weather-related construction delays has caused our non-performing loans to total loans ratio to increase to 0.96% at the end of the third quarter of 2017 compared to 0.09% at the end of the third quarter of 2016. We are pleased with the strengthening of our capital ratios as a result of our $20 million capital raise completed in July 2017. We are well positioned to continue the franchise growth strategy to scale our balance sheet and infrastructure to serve our markets."

Mr. Mordell continued, "We have added business development and support staff to accelerate and manage our growth. Non-interest expenses increased by $1.68 million to $5.2 million in the third quarter of 2017 from $3.6 million in the third quarter of 2016 primarily due to these increased investments in staffing. Our efficiency ratio increased to 63.5% in the third quarter of 2017 from 56.0% in the third quarter 2016 due to increased staffing expense. Total deposits increased by $41 million in the third quarter of 2017 and increased by $60 million from the same quarter in 2016. The growth in deposits for the third quarter of 2017 was due to an increase in demand deposits and money market accounts. Our net interest margin grew to 4.32% for the first nine months of 2017 compared to 4.02% for the same period of the prior year due to changes in the mix of earning assets in favor of higher yielding loans."

Results for the nine months ended September 30, 2017

Net interest income before provision for loan losses was $22.3 million in the first nine months of 2017, an increase of $4.5 million or 25% over the same period of the prior year. Higher outstanding average loan balances were the primary reason for the increase. Average total loans were $563 million for 2017 compared to $425 million for 2016. Average earning assets were $692 million in the first nine months of 2017, a 17% increase over the prior year. Net interest margin was 4.32% in the first nine months of 2017 compared to 4.02% for the same period in 2016. The increase in net interest margin was primarily caused by an increase of higher yielding loans in the mix of earning assets. A loan loss provision of $1,880,000 was recorded in the first nine months of 2017 and no provision was taken in the same period of 2016. We had no charge-offs and recoveries of $68,000 in the first nine months of 2017 compared to no charge-offs and recoveries of $37,000 for the same period in 2016.

Non-interest income was $1,412,000 in the first nine months of 2017, an increase of $205,000 or 17% over 2016 when the $1,472,000 in life insurance proceeds recognized in the second quarter of 2016 is excluded. Non-interest income was higher in 2017 as a result of increased service charges and other investment income.

Non-interest expense increased by $3.1 million to $14.4 million in the first nine months of 2017 compared to $11.3 million in 2016 due primarily to increased investments in loan production and support personnel.

The effective tax rate was 38.2% in the first nine months of 2017 compared to 33.3% for the same period in 2016. The unusually low effective tax rate in 2016 was due to non-taxable proceeds from life insurance benefits.

Results for the quarter ended September 30, 2017

For the three months ended September 30, 2017, net interest income before provision for loan losses was $7.8 million, an increase of $1.8 million or 30% compared to the third quarter of 2016. The increase was primarily the result of higher average loans outstanding. Average total loans outstanding for the quarter ended September 30, 2017 were $578.9 million, compared to $435.5 million for the same quarter in 2016, an increase of $143.4 million or 33%. Average earning assets were $712.8 million in the third quarter of 2017, a 13% increase over the third quarter of the prior year. Loans made up 81% of average earning assets at the end of the third quarter of 2017 compared to 69% at the end of the third quarter of 2016. Net interest margin was 4.33% for the third quarter of 2017, compared to 3.78% for the third quarter of 2016. A loan loss provision of $74,000 was taken in the third quarter of 2017 and no loan loss provision was taken in the third quarter of 2016.

Non-interest income was $475,000 in the third quarter of 2017, an increase of $113,000 or 31% compared to the third quarter of 2016. The increase was primarily due to increased service charges and other investment income in the third quarter of 2017.

Non-interest expense increased by $1,683,000 in the third quarter of 2017 to $5,234,000 compared to $3,551,000 for the third quarter of 2016. This increase was primarily due to higher compensation costs related to increased staffing. The Bank's full time equivalent employees at September 30, 2017 and 2016 were 84 and 68, respectively. The Bank's efficiency ratio increased from 56.0% in the third quarter of 2016 to 63.5% in the third quarter of 2017 due to increased staffing expense.

Balance Sheet

Total assets increased to $763.8 million as of September 30, 2017, compared to $731.1 million at June 30, 2017 and $676.9 million on the same day one year ago. The increase in total assets of $32.7 million, or 4%, from June 30, 2017 was primarily due to growth in Fed Funds resulting from increased demand deposits in the third quarter of 2017. The Company reported total loans at September 30, 2017 of $578.5 million, which represented a decrease of $5.8 million, or 1%, from $584.3 million at June 30, 2017, and an increase of $130.6 million, or 29%, over $447.9 million at September 30, 2016. The decrease in total loans from June 30, 2017 was primarily attributable to construction loan payoffs partially offset by increased commercial loans. The increase in loans from September 30, 2016 was primarily attributable to growth in commercial real estate, construction and commercial loans.

"We had $5.5 million in non-accrual loans comprising 0.96% of total loans from one relationship on September 30, 2017 compared to $0.4 million non-accrual loans comprising 0.09% of total loans at the end of the third quarter of the prior year," observed Mr. Mordell.

The Company's total deposits were $659.7 million as of September 30, 2017, which represented an increase of $40.8 million, or 7%, compared to $618.9 million at June 30, 2017 and an increase of $60.4 million, or 10%, compared to $599.3 million at September 30, 2016. The increase in deposits from June 30, 2017 was due to an increase in demand deposits and money market accounts. The increase from September 30, 2016 was caused by an increase in brokered deposits, CDs greater than $100,000 and money market accounts. The Company had no Federal Home Loan Bank advances outstanding as of September 30, 2017.

Demand and interest bearing transaction deposits represented 47% of total deposits at September 30, 2017, compared to 46% at June 30, 2017 and 53% for the same period one year ago. Core deposits represented 87% of total deposits at September 30, 2017, compared to 86% at June 30, 2017 and 92% at September 30, 2016. The Company's loan to deposit ratio was 88% at September 30, 2017 compared to 91% at December 31, 2016 and 75% at September 30, 2016.

About Avidbank

Avidbank Holdings, Inc. (OTC Pink: AVBH), headquartered in Palo Alto, California, offers innovative financial solutions and services. We specialize in commercial & industrial lending, technology and asset-based lending, specialty finance, real estate construction and commercial real estate lending. Avidbank provides a different approach to banking. We do what we say.

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. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts, and generally include the words "believes," "plans," "intends," "expects," "opportunity," "anticipates," "targeted," "continue," "remain," "will," "should," "may," or words of similar meaning. While we believe that our forward-looking statements and the assumptions underlying them are reasonably based, such statements and assumptions, are, by their nature subject to risks and uncertainties, and thus could later prove to be inaccurate or incorrect. Accordingly, actual results could materially differ from forward-looking statements for a variety of reasons, including, but not limited to local, regional, national and international economic conditions and events and the impact they may have on us and our customers, and in particular in our market areas; ability to attract deposits and other sources of liquidity; oversupply of property inventory and deterioration in values of California real estate, both residential and commercial; a prolonged slowdown or decline in construction activity; changes in the financial performance and/or condition of our borrowers; changes in the level of non-performing assets and charge-offs; the cost or effect of acquisitions we may make; the effect of changes in laws and regulations (including laws, regulations and judicial decisions concerning financial reform, capital requirements, taxes, banking, securities, employment, executive compensation, insurance, and information security) with which we and our subsidiaries must comply; changes in estimates of future reserve requirements and minimum capital requirements based upon the periodic review thereof under relevant regulatory and accounting requirements; ability to adequately underwrite for our asset based and corporate finance lending business lines; our ability to raise capital; inflation, interest rate, securities market and monetary fluctuations; cyber-security threats including loss of system functionality or theft or loss of data; political instability; acts of war or terrorism, or natural disasters, such as earthquakes, or the effects of pandemic flu; destabilization in international economies resulting from the European sovereign debt crisis; the timely development and acceptance of new banking products and services and perceived overall value of these products and services by users; changes in consumer spending, borrowing and savings habits; technological changes; the ability to increase market share, retain customers and control expenses; ability to retain and attract key management and personnel; changes in the competitive environment among financial and bank holding companies and other financial service providers; continued volatility in the credit and equity markets and its effect on the general economy; the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters; changes in our organization, management, compensation and benefit plans, and our ability to retain or expand our management team; the costs and effects of legal and regulatory developments including the resolution of legal proceedings or regulatory or other governmental inquiries and the results of regulatory examinations or reviews; our success at managing the risks involved in the foregoing items. We do not undertake, and specifically disclaim any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements except as required by law.

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

Assets	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16
Cash and due from banks	$11,068	$10,845	$17,431	$12,458	$15,363
Fed funds sold	74,970	32,510	21,265	7,841	92,950
Total cash and cash equivalents	86,038	43,355	38,696	20,299	108,313
Investment securities - available for sale	76,742	82,986	86,905	89,686	100,350
Loans, net of deferred loan fees	578,524	584,342	556,969	514,769	447,852
Allowance for loan losses	(8,191)	(8,076)	(6,991)	(6,244)	(5,431)
Loans, net of allowance for loan losses	570,333	576,266	549,978	508,525	442,421
Bank owned life insurance	10,551	10,479	10,406	10,334	10,261
Premises and equipment, net	3,387	1,155	668	600	640
Accrued interest receivable & other assets	16,756	16,818	15,205	17,211	14,895
Total assets	$763,807	$731,059	$701,858	$646,655	$676,880
Liabilities					
Non-interest-bearing demand deposits	$295,862	$264,514	$261,172	$241,362	$298,275
Interest bearing transaction accounts	16,988	17,642	20,786	19,420	20,034
Money market and savings accounts	229,143	220,474	207,106	215,656	219,203
Time deposits	117,670	116,282	103,616	91,560	61,793
Total deposits	659,663	618,912	592,680	567,998	599,305
FHLB advances	-	30,000	30,000	-	-
Subordinated debt, net	11,740	11,719	11,698	11,677	11,655
Other liabilities	4,421	3,572	2,425	3,471	2,883
Total liabilities	675,824	664,203	636,803	583,146	613,843
Shareholders' equity					
Common stock/additional paid-in capital	66,704	47,421	47,259	47,289	46,539
Retained earnings	21,802	20,142	18,711	17,157	16,036
Accumulated other comprehensive income (loss)	(523)	(707)	(915)	(937)	462
Total shareholders' equity	87,983	66,856	65,055	63,509	63,037
Total liabilities and shareholders' equity	$763,807	$731,059	$701,858	$646,655	$676,880
Capital ratios					
Tier 1 leverage ratio	11.87%	9.28%	9.52%	9.96%	9.42%
Tier 1 and Common Equity Tier 1 RBC ratio	11.61%	8.94%	9.24%	9.67%	10.12%
Total risk-based capital (RBC) ratio	14.27%	11.61%	11.91%	12.41%	12.94%
Book value per common share	$14.99	$13.91	$13.57	$13.50	$13.46
Total common shares outstanding	5,870,691	4,806,377	4,793,827	4,704,297	4,682,851
Other Ratios					
Non-interest bearing/total deposits	44.9%	42.7%	44.1%	42.5%	49.8%
Core deposits to total deposits	86.7%	86.0%	86.6%	86.4%	92.2%
Loan to deposit ratio	87.7%	94.4%	94.0%	90.6%	74.7%
Allowance for loan losses/total loans	1.42%	1.38%	1.26%	1.21%	1.21%

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

	Quarter Ended			Year-to-Date	
	9/30/17	6/30/17	9/30/16	9/30/17	9/30/16
Interest and fees on loans and leases	$7,899	$7,721	$5,856	$22,598	$17,635
Interest on investment securities	466	516	495	1,511	1,348
Other interest income	160	107	121	336	314
Total interest income	8,525	8,344	6,472	24,445	19,297
Deposit interest expense	475	423	279	1,231	835
Other interest expense	277	315	213	866	641
Total interest expense	752	738	492	2,097	1,476
Net interest income	7,773	7,606	5,980	22,348	17,822
Provision for loan losses	74	1,085	-	1,880	-
Net interest income after provision for loan losses	7,699	6,521	5,980	20,468	17,822
Service charges, fees and other income	403	343	291	1,195	970
Income from bank owned life insurance	72	73	75	217	1,713
Gain (Loss) on sale of investment securities	-	-	(4)	-	(4)
Total non-interest income	475	416	362	1,412	2,679
Compensation and benefit expenses	3,421	3,020	2,145	9,309	7,034
Occupancy and equipment expenses	731	676	525	1,991	1,606
Other operating expenses	1,082	1,041	881	3,065	2,648
Total non-interest expense	5,234	4,737	3,551	14,365	11,288
Income before income taxes	2,940	2,200	2,791	7,515	9,213
Provision for income taxes	1,280	770	1,156	2,870	3,071
Net income	$1,660	$1,430	$1,635	$4,645	$6,142
Basic earnings per common share	$0.30	$0.31	$0.36	$0.94	$1.37
Diluted earnings per common share	$0.29	$0.30	$0.35	$0.92	$1.33
Average common shares outstanding	5,552,977	4,645,091	4,586,849	4,945,170	4,496,101
Average common fully diluted shares	5,658,098	4,740,832	4,694,744	5,046,031	4,635,011
Annualized returns:					
Return on average assets	0.88%	0.79%	0.98%	0.86%	1.29%
Return on average common equity	7.75%	8.61%	10.50%	8.59%	13.89%
Net interest margin	4.33%	4.37%	3.78%	4.32%	4.03%
Cost of funds	0.45%	0.45%	0.33%	0.43%	0.35%
Efficiency ratio	63.46%	59.05%	55.99%	60.46%	55.06%

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

	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16
Allowance for Loan Losses					
Balance, beginning of quarter	$8,076	$6,991	$6,244	$5,431	$5,431
Provision for loan losses, quarterly	74	1,085	721	813	-
Charge-offs, quarterly	-	-	-	-	-
Recoveries, quarterly	41	-	26	-	-
Balance, end of quarter	$8,191	$8,076	$6,991	$6,244	$5,431
Nonperforming Assets					
Loans accounted for on a non-accrual basis	$5,543	$5,210	$0	$0	$392
Loans with principal or interest contractually past due 90 days or more and still accruing interest	-	-	-	-	-
Nonperforming loans	5,543	5,210	-	-	392
Other real estate owned	-	-	-	-	-
Nonperforming assets	$5,543	$5,210	$0	$0	$392
Loans restructured and in compliance with modified terms	-	-	-	-	457
Nonperforming assets & restructured loans	$5,543	$5,210	$0	$0	$849
Nonperforming Loans by Type:					
Commercial	$4,730	$4,377	$0	$0	$392
Real Estate Loans	714	724	-	-	-
Consumer Loans	99	109	-	-	-
Total Nonperforming loans	$5,543	$5,210	$0	$0	$392
Asset Quality Ratios					
Allowance for loan losses (ALLL) / total loans	1.42%	1.38%	1.26%	1.21%	1.21%
ALLL / nonperforming loans	147.77%	155.01%	0.00%	0.00%	1385.46%
Nonperforming assets / total assets	0.73%	0.71%	0.00%	0.00%	0.06%
Nonperforming loans / total loans	0.96%	0.89%	0.00%	0.00%	0.09%
Net quarterly charge-offs / total loans	-0.01%	0.00%	0.00%	0.00%	0.00%