



FOR IMMEDIATE RELEASE
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Pinnacle Bank Announces Q3 2019 Results

Gilroy, CA – October 24, 2019 — Pinnacle Bank (OTCQB: PBNK), headquartered in Gilroy, California, announced today unaudited net income for the nine months ended September 30, 2019 of \$4,160,000, compared to \$3,811,000 in the same period of 2018, a 9.2% increase. Net income for three months ended September 30, 2019 was \$1,340,000, compared to \$1,278,000 in the same period of 2018.

As of September 30, 2019, total assets were \$399.3 million, an 8% increase from the \$369.3 million at September 30, 2018.

Loans were \$329.1 million at September 30, 2019, an increase of \$45.8 million (16%) from the September 30, 2018 balance of \$282.7 million. The allowance for loan losses at September 30, 2019 was \$3.9 million or 1.19% of loans compared to \$3.7 million or 1.31% of loans at September 30, 2018.

Total deposits at September 30, 2019, increased to \$341.5 million from \$326.0 million at September 30, 2018, a 5% increase.

Credit quality remained strong with nonperforming assets totaling \$886,000 (0.22% of assets) at September 30, 2019 compared to \$24,000 (0.01% of assets) a year earlier.

We completed an offering of 698,004 shares of common stock on February 25, 2019, resulting in gross proceeds of \$8,027,046. The Bank's capital position remains above regulatory guidelines for well capitalized banks. At September 30, 2019, the Bank had a total capital ratio of 15.45%. Book value per share at September 30, 2019 was \$10.00. Net interest margin in the third quarter of 2019 was 5.42% compared to 5.24% for the same period in 2018.

"Pinnacle Bank continued our 2019 momentum during the third quarter of 2019 as loans and deposits grew 16% and 5%, respectively over Q3 2018. We are excited about the recent addition of our Capital Finance team and our growth into Silicon Valley. The continued success of our relationship banking approach is reflected in our ability to attract and retain clients," stated Jeffrey Payne, President and CEO. "We appreciate the continued efforts and contributions of our outstanding team of professional bankers, our committed directors and advisors and our many loyal clients."

Pinnacle Bank is rated by Bauer Financial as Five-Star "Superior" for strong financial performance, the top rating given by the independent bank rating firm. The Findley Reports named Pinnacle Bank a 2019 Super Premier performing bank based upon 2018 performance.

For more information please go to www.pinnacle.bank click on Investor Relations and September 2019 call report.

About Pinnacle Bank

Pinnacle Bank is a full-service business bank dedicated to providing quality depository and credit services in Santa Clara, San Benito and Monterey counties. The bank focuses on commercial banking services for businesses and nonprofit organizations, offering a variety of products and services that combine the best of personal touch with convenient technology-based delivery. Pinnacle Bank has locations in Morgan Hill, Gilroy and Salinas. For more information please go to www.pinnacle.bank click on Investor Relations and September 2019 call report.

Forward-Looking Statements

This release may contain forward-looking statements, such as, among others, statements about plans, expectations and goals concerning growth and improvement. Forward-looking statements are subject to risks and uncertainties. Such risks and uncertainties may include, but are not necessarily limited to fluctuations in interest rates, inflation, government regulations and general economic conditions, including the real estate market in our primary service area and more generally in California and other factors beyond the Bank's control. Such risks and uncertainties could cause results for subsequent interim periods or for the entire year to differ materially from those indicated. Readers should not place undue reliance on the forward-looking statements, which reflect management's view only as of the date hereof. Pinnacle Bank undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

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Summary Balance Sheet*(Unaudited, dollars in thousands)*

	9/30/2019	6/30/2019	9/30/2018	Year over year change	
				\$	%
Total assets	\$ 399,314	\$ 401,203	\$ 369,267	\$ 30,047	8%
Gross loans	\$ 329,053	\$ 328,490	\$ 282,704	\$ 46,349	16%
Allowance for loan losses	\$ (3,900)	\$ (3,945)	\$ (3,701)	\$ (199)	5%
Non-interest bearing deposits	\$ 155,254	\$ 134,973	\$ 154,294	\$ 961	1%
Interest-bearing deposits	\$ 186,252	\$ 210,372	\$ 171,747	\$ 14,505	8%
Total deposits	\$ 341,506	\$ 345,345	\$ 326,040	\$ 15,466	5%
Shareholders' equity	\$ 52,227	\$ 50,799	\$ 38,586	\$ 13,641	35%

Summary Income Statement*(Unaudited, dollars in thousands)*

	Quarter ended		Change	Quarter ended	
	9/30/2019	6/30/2019		9/30/2018	Change
<i>except per share data)</i>			%		%
Interest income	\$ 5,592	\$ 5,250	7%	\$ 4,367	28%
Interest expense	491	449	9%	144	241%
Net interest income	5,101	4,801	6%	4,223	21%
Provision for loan losses	180	100	80%	0	0%
Non-interest income	779	828	-6%	634	23%
Non-interest expense	3,700	3,575	3%	3,053	21%
Income tax expense	660	589	12%	525	26%
Net income (loss)	\$ 1,340	\$ 1,365	-2%	\$ 1,278	5%
Basic Earnings per share	\$ 0.26	\$ 0.26	0%	\$0.29	-10%
Diluted Earnings per share	\$ 0.25	\$ 0.26	-4%	\$0.28	-11%
Book value per share	\$ 10.00	\$ 9.73	3%	\$ 8.58	17%
Shares outstanding at period end	5,223,145	5,223,145	0%	4,497,480	16%
Return on average assets	1.33%	1.41%		1.40%	
Return on average equity	10.22%	10.83%		13.27%	

Capital Ratios

	9/30/2019	6/30/2019	9/30/2018	Minimum required to be well-capitalized
Tier 1 leverage ratio	12.94%	13.13%	10.66%	5.00%
Common Equity Tier 1 capital ratio	14.36%	13.94%	12.16%	6.50%
Tier 1 capital ratio	14.36%	13.94%	12.16%	8.00%
Total capital ratio	15.45%	15.03%	13.34%	10.00%