



FOR IMMEDIATE RELEASE
PRESS RELEASE: January 30, 2020

Pinnacle Bank Announces 2019 Results

Gilroy, CA – January 30, 2020 – OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the year ended December 31, 2019 of \$5,564,000, an increase of 4% over the same period in 2018 net income of \$5,352,000.

As of December 31, 2019, total assets were \$419.4 million, a 17% increase from the \$359.9 million at December 31, 2018.

Gross loans were \$335.9 million at December 31, 2019, an increase of \$45.2 million (16%) from the December 31, 2018 balance of \$290.7 million. The allowance for loan losses at December 31, 2019 was \$3.9 million or 1.17% of loans compared to \$3.7 million or 1.28% of loans at December 31, 2018.

Total deposits at December 31, 2019, increased to \$356.5 million from \$314.4 million at December 31, 2018, a 13% increase.

Credit quality remained strong with nonperforming assets totaling \$65,000 (0.02% of assets) at December 31, 2019.

“Pinnacle Bank had a very good year in 2019 with our loans and deposits growing 16% and 13%, respectively over 2018 while net interest income grew 18%. During the year we added asset-based lending expertise with the Pinnacle Capital Finance team. We also received regulatory approval to open an office in Silicon Valley. We are excited to extend the reach of our relationship banking approach to more businesses and nonprofits. Our new office is located in the Pruneyard Towers in Campbell with opening targeted for the second quarter of 2020,” stated Jeffrey Payne, President and CEO. “These investments will allow us to provide premier business banking from Salinas Valley to Silicon Valley. We appreciate the continued efforts and contributions of our outstanding team of professional bankers, our committed directors and advisors and our many loyal clients.”

The Bank’s capital position remains above regulatory guidelines for well capitalized banks. At December 31, 2019, the Bank had a total capital ratio of 15.19%. Book value per share at December 31, 2019 was \$10.28. Net interest margin in the fourth quarter and full year of 2019 was 5.42% and 5.45%, respectively, compared to 5.10% and 5.08% for the same periods in 2018.

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 December 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 December 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)*

	12/31/2019	9/30/2019	12/31/2018	Year over year change	
				\$	%
Total assets	\$ 419,412	\$ 399,314	\$ 359,927	\$ 59,485	17%
Gross loans	\$ 335,915	\$ 329,053	\$ 290,744	\$ 45,171	16%
Allowance for loan losses	\$ (3,935)	\$ (3,900)	\$ (3,718)	\$ (217)	6%
Non-interest bearing deposits	\$ 160,160	\$ 155,254	\$ 135,417	\$ 24,743	18%
Interest-bearing deposits	\$ 196,360	\$ 186,252	\$ 178,984	\$ 17,376	10%
Total deposits	\$ 356,520	\$ 341,506	\$ 314,401	\$ 42,119	13%
Shareholders' equity	\$ 53,718	\$ 52,227	\$ 40,240	\$ 13,479	33%

Summary Income Statement*(Unaudited, dollars in thousands except per share data)*

	Year ended		Change	
	12/31/2019	12/31/2018	\$	%
Interest income	\$ 21,453	\$ 17,242	\$ 4,211	24.4%
Interest expense	1,705	552	1,153	208.9%
Net interest income	19,748	16,690	3,058	18.3%
Provision for loan losses	280	75	205	273.3%
Non-interest income	3,164	3,264	(100)	-3.1%
Non-interest expense	14,503	12,429	2,074	16.7%
Income tax expense	2,565	2,098	467	22.3%
Net income (loss)	\$ 5,564	\$ 5,352	\$ 212	4.0%
Basic Earnings (loss) per share	\$1.09	\$1.20	(\$0.11)	-9.2%
Diluted Earnings (loss) per share	\$1.06	\$1.16	(\$0.10)	-8.6%
Book value per share	\$ 10.28	\$ 8.93	\$1.35	15.1%
Shares outstanding at period end	5,224,267	4,505,598	718,669	16.0%

Capital Ratios	12/31/2019	9/30/2019	12/31/2018	Minimum
				required to be well-capitalized
Tier 1 leverage ratio	12.91%	12.94%	10.74%	5.00%
Common Equity Tier 1 capital ratio	14.14%	14.36%	12.37%	6.50%
Tier 1 capital ratio	14.14%	14.36%	12.37%	8.00%
Total capital ratio	15.19%	15.45%	13.52%	10.00%

Nonperforming assets*(dollars in thousands)*

	12/31/2019	9/30/2019	12/31/2018
Nonperforming assets	\$ 65	\$ 886	\$ 16
Nonperforming assets to total assets	0.02%	0.22%	0.00%