



FOR IMMEDIATE RELEASE  
PRESS RELEASE: January 17, 2019

### **Pinnacle Bank Announces 2018 Results**

Gilroy, CA – January 17, 2019 – OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the year ended December 31, 2018 of \$5,352,000, an increase of 81% over the same period in 2017 net income of \$2,957,000. The 2017 net income was reduced by a \$518,000 revaluation of deferred tax assets due to the Tax Cut and Jobs Act.

As of December 31, 2018, total assets were \$359.9 million, a 5% increase from the \$342.5 million at December 31, 2017.

Loans were \$285.6 million at December 31, 2018, an increase of \$16.7 million (6%) from the December 31, 2017 balance of \$268.9 million. The allowance for loan losses at December 31, 2018 was \$3.7 million or 1.28% of loans compared to \$3.8 million or 1.40% of loans at December 31, 2017.

Total deposits at December 31, 2018, increased to \$314.4 million from \$304.6 million at December 31, 2017, a 3% increase.

Credit quality remained strong with nonperforming assets totaling \$16,000 (0.00% of assets) at December 31, 2018 compared to \$284,000 (0.03% of assets) a year earlier.

"Pinnacle Bank had an excellent 2018 with net income exceeding the prior year by 81%. Our loans and deposits grew 6% and 3%, respectively over 2017 while net interest income grew 22%. Our relationship banking approach continues to draw and retain clients. Our credit quality remained strong," 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."

The Bank's capital position remains above regulatory guidelines for well capitalized banks. At December 31, 2018, the Bank had a total capital ratio of 13.52%. Book value per share at December 31, 2018 was \$8.93. Net interest margin in the fourth quarter and full year of 2018 was 5.07% and 5.01%, respectively, compared to 4.47% and 4.54% for the same periods in 2017.

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 2018 Super Premier performing bank based upon 2017 performance.

For more information please go to [www.pinnacle.bank](http://www.pinnacle.bank) click on Investor Relations and December 2018 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](http://www.pinnacle.bank) click on Investor Relations and December 2018 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)*

	12/31/2018	9/30/2018	12/31/2017	Year over year change	
				\$	%
Total assets	\$ 359,927	\$ 369,267	\$ 342,471	\$ 17,456	5%
Loans	\$ 285,636	\$ 277,724	\$ 268,898	\$ 16,738	6%
Allowance for loan losses	\$ (3,718)	\$ (3,701)	\$ (3,815)	\$ 97	-3%
Non-interest bearing deposits	\$ 135,417	\$ 154,294	\$ 159,796	\$(24,379)	-15%
Interest-bearing deposits	\$ 178,984	\$ 171,747	\$ 144,854	\$ 34,130	24%
Total deposits	\$ 314,401	\$ 326,040	\$ 304,650	\$ 9,751	3%
Shareholders' equity	\$ 40,240	\$ 38,586	\$ 34,235	\$ 6,005	18%

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

	Year ended	Year ended	Change	Change
	12/31/2018	12/31/2017	\$	%
Interest income	\$ 17,242	\$ 13,988	\$ 3,254	23.3%
Interest expense	552	295	257	87.1%
Net interest income	16,690	13,693	2,997	21.9%
Provision for loan losses	75	537	(462)	-86.0%
Non-interest income	3,264	3,868	(604)	-15.6%
Non-interest expense	12,429	11,112	1,317	11.9%
Income tax expense	2,098	2,955	(857)	-29.0%
Net income (loss)	\$ 5,352	\$ 2,957	\$ 2,395	81.0%

Basic Earnings (loss) per share	\$1.20	\$0.75	\$0.45	59.6%
Diluted Earnings (loss) per share	\$1.16	\$0.73	\$0.43	59.1%
Book value per share	\$ 8.93	\$ 7.87	\$1.06	13.5%
Shares outstanding at period end	4,505,598	4,355,871	149,727	3.4%

**Capital Ratios**

	12/31/2018	9/30/2018	12/31/2017	Minimum required to be well-capitalized
Tier 1 leverage ratio	10.74%	10.66%	9.50%	5.00%
Common Equity Tier 1 capital ratio	12.37%	12.16%	10.79%	6.50%
Tier 1 capital ratio	12.37%	12.16%	10.79%	8.00%
Total capital ratio	13.52%	13.34%	11.99%	10.00%

**Nonperforming assets***(dollars in thousands)*

	12/31/2018	9/30/2018	12/31/2017
Nonperforming assets	\$ 16	\$ 24	\$ 284
Nonperforming assets to total assets	0.00%	0.01%	0.08%