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**Pinnacle Bank Announces Third Consecutive Profitable Quarter**

Gilroy, CA – April 27, 2011 - PBNK.OB - Pinnacle Bank, headquartered in Gilroy, California, announced today its third consecutive profitable quarter. For the three months ended March 31, 2011, the Bank reported net income of \$118,000 compared to a loss of \$694,000 in the comparable quarter of 2010.

As of March 31, 2011, total assets were \$151.3 million, a 4% increase from the \$146.1 million at December 31, 2010.

Loans were \$112.8 million at March 31, 2011, a decrease of \$7.6 million from the December 31, 2010, balance of \$120.4 million, a 6% decrease. The allowance for loan losses at March 31, 2011, was \$2.6 million or 2.3% of loans. Nonaccrual loans at March 31, 2011 were \$1.2 million, a reduction of \$5.1 million from \$6.3 million at December 31, 2010.

Deposits at March 31, 2011, were \$134.8 million compared to \$128.5 million at year end, a 5% increase. March 2011 non-interest bearing deposits increased 9% over December 31, 2010 from \$29.9 million to \$32.6 million.

“We have achieved profitability in three consecutive quarters which demonstrates the substantial progress we have made since the onset of the disruptions in the financial markets in 2008. Continued profitability is a result of our ongoing focus on cost control and improvements in our core deposits and asset quality. The significant increase in non-interest bearing deposits is a direct result of our strategic emphasis on relationship banking,” said Susan K. Black, President and CEO. Ms. Black further stated, “Our quality client relationships allow us to maintain net interest margin and asset quality with safe, controlled growth and a strong balance sheet.”

Ms. Black added, “We are pleased to have significantly improved metrics from the previous year, despite the slow recovery of the economy. We have built a solid foundation and are actively focusing on expanding our franchise by lending to local businesses, individuals and nonprofit organizations.”

The bank’s capital position remains above regulatory guidelines for well capitalized banks. At March 31, 2011, the Bank had a total risk based capital ratio of 13.20%.

For more information please go to [www.pinnaclebankonline.com](http://www.pinnaclebankonline.com) click on Investor Relations and March 2011 call report.

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

	3/31/2011	12/31/2010	Change	
			\$	%
Total assets	151,297	\$146,098	\$5,198	4%
Gross loans	112,776	120,352	(\$7,576)	-6%
Allowance for loan losses	(2,580)	(2,605)	\$25	-1%
Deposits				
Non-interest bearing	32,626	29,900	\$2,726	9%
Interest-bearing	102,184	98,561	\$3,623	4%
Total deposits	134,810	128,461	\$6,349	5%
Shareholders' equity	15,733	15,604	\$129	1%

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

	Quarter ended	Quarter ended	Change	
	3/31/2011	12/31/2010	\$	%
Interest income	\$1,774	\$1,789	(\$15)	-1%
Interest expense	226	279	(53)	-19%
Net interest income	1,548	1,510	38	3%
Provision for loan losses	22	168	-146	-87%
Non-interest income	180	175	5	3%
Non-interest expense	1,588	1,425	163	11%
Net income (loss)	\$118	\$92	\$26	28%
Earnings (loss) per share	\$0.04	\$0.03		
Net interest margin	4.46%	4.17%		

**Capital Ratios**

	3/31/2011	12/31/2010	Minimum required to be well-capitalized
Tier 1 leverage ratio	10.47%	10.26%	5.00%
Tier 1 risk-based capital ratio	11.94%	11.48%	6.00%
Total risk-based capital ratio	13.20%	12.71%	10.00%

**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 small to medium-sized businesses, offering a variety of products and services that combine the best of personal touch with convenient technology-based client service. Pinnacle Bank has locations in Morgan Hill, Gilroy and Salinas. For more information please go to [www.pinnaclebankonline.com](http://www.pinnaclebankonline.com) click on Investor Relations and December 2010 call report.*

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