



FOR IMMEDIATE RELEASE  
PRESS RELEASE: May 1, 2020

### **Pinnacle Bank Announces Q1 2020 Results**

Gilroy, CA – May 1, 2020 – OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the three months ended March 31, 2020 of \$105,000 compared to \$1,455,000 in the same period in 2019.

As of March 31, 2020, total assets were \$432.7 million, a 13% increase from the \$384.3 million at March 31, 2019.

Gross loans were \$346.6 million at March 31, 2020, an increase of \$29.2 million (9%) from the March 31, 2019 balance of \$317.4 million. The allowance for loan losses at March 31, 2020 was \$4.988 million or 1.44% of loans compared to \$3.836 million or 1.21% of loans at March 31, 2019.

Total deposits at March 31, 2020, increased to \$370.5 million from \$329.6 million at March 31, 2019, a 12% increase.

Credit quality at the beginning of the COVID-19 pandemic remained strong with nonperforming assets totaling \$61,000 (0.01% of assets) at March 31, 2020. Public health orders to limit the pandemic have caused significant changes in economic conditions that may affect our borrowers' ability to repay their loans. The first quarter provision for loan losses of \$1.0 million acknowledges the changes in macro-economic conditions. Additional provisions may be needed as the economic impacts of the pandemic become known.

"We have worked closely with our clients during COVID-19 by providing more than 400 clients with Paycheck Protection Program loans and making accommodations for payment deferrals for several clients whose businesses are experiencing economic hardship due to the pandemic. These are challenging times and we are ready to continue to support the determination and resiliency of our clients and communities," stated Jeffrey Payne, President and CEO. "We are honored to contribute to the success of our communities by providing premier business banking from Silicon Valley to Salinas Valley. I sincerely 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 March 31, 2020, the Bank had a total capital ratio of 15.01%. Book value per share at March 31, 2020 was \$10.25. Net interest margin in the first quarter of 2020 was 5.21% compared to 5.58% for the same period in 2019.

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. DepositAccounts.com awarded Pinnacle Bank an A+ rating with a ranking of 80 out of 5,035 U. S. banks analyzed. The Findley Reports named Pinnacle Bank a 2019 Super Premier performing bank.

For more information please go to [www.pinnacle.bank](http://www.pinnacle.bank) click on Investor Relations and March 2020 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, Salinas and coming soon Silicon Valley. For more information please go to [www.pinnacle.bank](http://www.pinnacle.bank) click on Investor Relations and March 2020 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)*

	3/31/2020	12/31/2019	3/31/2019	Year over year change	
				\$	%
Total assets	\$ 432,714	\$ 419,412	\$ 384,275	\$ 48,439	13%
Gross loans	\$ 346,625	\$ 335,915	\$ 317,380	\$ 29,245	9%
Allowance for loan losses	\$ (4,988)	\$ (3,935)	\$ (3,836)	\$ (1,152)	30%
Non-interest bearing deposits	\$ 158,598	\$ 160,160	\$ 132,599	\$ 25,999	20%
Interest-bearing deposits	\$ 211,859	\$ 196,360	\$ 196,951	\$ 14,908	8%
Total deposits	\$ 370,457	\$ 356,520	\$ 329,550	\$ 40,907	12%
Shareholders' equity	\$ 54,046	\$ 53,718	\$ 49,336	\$ 4,709	10%

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

	Quarter ended	Quarter ended	Change	Quarter ended	Change
	3/31/2020	12/31/2019	%	3/31/2019	%
Interest income	\$ 5,454	\$ 5,705	4%	\$ 4,906	11%
Interest expense	486	480	1%	285	71%
Net interest income	4,968	5,225	-5%	4,621	8%
Provision for loan losses	1,000	0	NM	0	0%
Non-interest income	475	611	-22%	947	-50%
Non-interest expense	4,272	3,744	14%	3,486	23%
Income tax expense	66	689	-90%	627	-89%
Net income (loss)	\$ 105	\$ 1,404	-92%	\$ 1,455	-93%
Basic Earnings per share	\$ 0.02	\$ 0.27	-93%	\$0.30	-93%
Diluted Earnings per share	\$ 0.02	\$ 0.26	-91%	\$0.30	-93%
Book value per share	\$ 10.25	\$ 10.28	-	\$ 9.52	8%

**Capital Ratios**

	3/31/2020	12/31/2019	3/31/2019	Minimum required to be well-capitalized
Tier 1 leverage ratio	12.97%	12.91%	13.49%	5.00%
Common Equity Tier 1 capital ratio	13.76%	14.14%	13.93%	6.50%
Tier 1 capital ratio	13.76%	14.14%	13.93%	8.00%
Total capital ratio	15.01%	15.19%	15.02%	10.00%