



FOR IMMEDIATE RELEASE  
PRESS RELEASE: August 1, 2016

### **Pinnacle Bank Announces Q2 2016 Results**

Gilroy, CA – August 1, 2016 – PBNK (OTCQX) - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the three months ended June 30, 2016 of \$361,000, an increase of 78% over the same period in 2015 net income of \$203,000.

As of June 30, 2016, total assets were \$263.4 million, a 12% increase from the \$234.6 million at June 30, 2015.

Loans were \$211.6 million at June 30, 2016, an increase of \$39.4 million (23%) from the June 30, 2015 balance of \$172.2 million. The allowance for loan losses at June 30, 2016 was \$3.3 million or 1.57% of loans compared to \$3.6 million or 2.09% of loans at June 30, 2015.

Non-interest bearing deposits at June 30, 2016, increased 18% to \$108.5 million from \$91.7 million at June 30, 2015. Total deposits at June 30, 2016, were \$233.5 million compared to \$208.7 million at June 30, 2015, a 12% increase.

Nonperforming assets were \$455,000 (0.17% of assets) at June 30, 2016 compared to \$2.3 million (0.96% of assets) a year earlier.

"The second quarter of 2016 shows continued progress for Pinnacle Bank. Core operating income is growing through improved net interest income and gains on the sale of SBA 7a loans. The 23% growth in loans combined with the 18% increase in non-interest bearing deposits reflects the success of our relationship banking model and the results of the revenue-producing personnel added in 2015. In addition, asset quality is strong," stated Susan K. Black, President and CEO. "We remain focused on the fundamentals of community banking and especially appreciate the many business owners and nonprofit executives who choose Pinnacle Bank as their banking partner. As we celebrate the Bank's 10<sup>th</sup> year in operation, our directors, advisors and bankers are as committed as they were on the day the Bank opened to our vision, focused business strategy, and the long-term success of the Bank."

The Bank's capital position remains above regulatory guidelines for well capitalized banks. At June 30, 2016, the Bank had a total capital ratio of 11.41%. Book value per share at June 30, 2016 was \$7.68. Net interest margin in the second quarter of 2016 was 4.11%.

During the first quarter of 2016, the Bank reduced the allowance for loan losses by \$500,000 after receiving \$517,000 in recoveries during the quarter. Also in the first quarter of 2016, the Bank recorded a \$412,000 gain on the sale of its only other real estate owned.

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.

For more information please go to [www.pinnaclebankonline.com](http://www.pinnaclebankonline.com) click on Investor Relations and June 2016 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.pinnaclebankonline.com](http://www.pinnaclebankonline.com) click on Investor Relations and June 2016 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.*

Media Contact:  
Pinnacle Bank  
Susan K. Black, President & CEO  
408-762-7140

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

				Year over year change	
	6/30/2016	3/31/2016	6/30/2015	\$	%
Total assets	\$ 263,446	\$ 266,215	\$ 234,569	\$ 28,877	12%
Gross loans	\$ 211,594	\$ 195,935	\$ 172,153	\$ 39,441	23%
Allowance for loan losses	\$ (3,317)	\$ (3,294)	\$ (3,603)	\$ 286	-8%
Non-interest bearing deposits	\$ 108,460	\$ 105,016	\$ 91,699	\$ 16,761	18%
Interest-bearing deposits	\$ 125,053	\$ 132,736	\$ 117,001	\$ 8,052	7%
Total deposits	\$ 233,513	\$ 237,752	\$ 208,700	\$ 24,813	12%
Shareholders' equity	\$ 26,783	\$ 26,293	\$ 24,591	\$ 2,192	9%

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

	Quarter ended		Change %	Quarter ended	
	6/30/2016	3/31/2016		6/30/2015	Change %
Interest income	\$ 2,533	\$ 2,451	3%	\$ 2,174	17%
Interest expense	68	68	0%	76	-11%
Net interest income	2,465	2,383	3%	2,098	18%
Provision for loan losses	0	(500)	-100%	0	0%
Non-interest income	640	1,004	-36%	299	114%
Non-interest expense	2,457	2,534	-3%	2,062	19%
Income tax expense	287	572	-50%	132	117%
Net income (loss)	\$ 361	\$ 781	-54%	\$ 203	78%
Basic Earnings (loss) per share	\$ 0.10	\$ 0.23	-57%	\$0.06	67%
Diluted Earnings (loss) per share	\$ 0.10	\$ 0.22	-55%	\$0.06	67%
Book value per share	\$ 7.68	\$ 7.63	1%	\$ 7.30	5%
Shares outstanding at period end	3,487,536	3,445,041	1%	3,370,281	3%

<b>Capital Ratios</b>				Minimum
	6/30/2016	3/31/2016	6/30/2015	required to be well-capitalized
Tier 1 leverage ratio	9.47%	9.24%	9.29%	5.00%
Common Equity Tier 1 capital ratio	10.15%	10.57%	10.88%	6.50%
Tier 1 capital ratio	10.15%	10.57%	10.88%	8.00%
Total capital ratio	11.41%	11.83%	12.15%	10.00%

**Nonperforming assets**

	6/30/2016	3/31/2016	6/30/2015
Nonperforming assets	\$ 455	\$ 471	\$ 2,257
Nonperforming assets to total assets	0.17%	0.18%	0.96%
Allowance for loan losses to nonperforming loans	1.57%	1.68%	2.09%