



FOR IMMEDIATE RELEASE
PRESS RELEASE: July 27, 2018

Pinnacle Bank Announces Q2 2018 Results

Gilroy, CA – July 27, 2018 – OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the three months ended June 30, 2018 of \$1,423,000, an increase of 55% over the same period in 2017 net income of \$920,000.

As of June 30, 2018, total assets were \$360.0 million, a 14% increase from the \$315.0 million at June 30, 2017.

Loans were \$273.0 million at June 30, 2018, an increase of \$14.2 million (5%) from the June 30, 2017 balance of \$258.8 million. The allowance for loan losses at June 30, 2018 was \$3.7 million or 1.35% of loans compared to \$3.5 million or 1.36% of loans at June 30, 2017.

Non-interest bearing deposits at June 30, 2018, increased 21% to \$160.0 million from \$132.5 million at June 30, 2017. Total deposits at June 30, 2018, were \$319.1 million compared to \$278.0 million at June 30, 2017, a 15% increase.

Credit quality remained strong with nonperforming assets totaling \$31,000 (0.01% of assets) at June 30, 2018 compared to \$169,000 (0.05% of assets) a year earlier.

“Pinnacle Bank has had a strong first half of 2018 with second quarter net income exceeding the prior quarter by 28%. Our loans and deposits grew 5% and 15%, respectively over the second quarter of 2017 while net interest income grew 27%. Our relationship banking approach continues to draw and retain clients. As a top SBA 7(a) SBA lender in California, the second quarter continued the solid gains on the sale of SBA 7(a) loan guarantees. Our credit quality remained strong in the face of increased competition for quality loans,” stated Jeffrey Payne, President and CEO. “We appreciate the continued efforts and contributions of our outstanding 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 June 30, 2018, the Bank had a total capital ratio of 13.06%. Book value per share at June 30, 2018 was \$9.14. Net interest margin in the second quarter of 2018 was 5.24%.

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.pinnaclebankonline.com click on Investor Relations and June 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.pinnaclebankonline.com click on Investor Relations and June 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)*

	6/30/2018	3/31/2018	6/30/2017	Year over year change	
				\$	%
Total assets	\$ 360,474	\$ 353,134	\$ 314,952	\$ 45,522	14%
Gross loans	\$ 272,978	\$ 278,131	\$ 258,752	\$ 14,226	5%
Allowance for loan losses	\$ (3,698)	\$ (3,695)	\$ (3,523)	\$ (175)	5%
Non-interest bearing deposits	\$ 160,009	\$ 160,182	\$ 132,530	\$ 27,479	21%
Interest-bearing deposits	\$ 159,066	\$ 153,419	\$ 145,476	\$ 13,590	9%
Total deposits	\$ 319,075	\$ 313,601	\$ 278,006	\$ 41,069	15%
Shareholders' equity	\$ 37,222	\$ 35,712	\$ 32,681	\$ 4,542	14%

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

	Quarter ended	Quarter ended	Change	Quarter ended	Change
	6/30/2018	3/31/2018	%	6/30/2017	%
Interest income	\$ 4,322	\$ 3,917	10%	\$ 3,399	27%
Interest expense	99	85	17%	75	31%
Net interest income	4,224	3,833	10%	3,324	27%
Provision for loan losses	0	75	-100%	0	0%
Non-interest income	1,021	922	11%	1,111	-8%
Non-interest expense	3,220	3,079	5%	2,807	15%
Income tax expense	602	491	23%	707	-15%
Net income (loss)	\$ 1,423	\$ 1,110	28%	\$ 920	55%

Basic Earnings per share	\$ 0.35	\$ 0.28	25%	\$0.23	52%
Diluted Earnings per share	\$ 0.34	\$ 0.27	26%	\$0.22	55%
Book value per share	\$ 9.14	\$ 8.79	4%	\$ 8.26	11%
Shares outstanding at period end	4,072,102	4,065,002	0%	3,954,547	3%
Return on average assets	1.64%	1.30%		1.19%	
Return on average equity	15.49%	12.72%		11.35%	

Capital Ratios

	6/30/2018	3/31/2018	6/30/2017	Minimum required to be well-capitalized
Tier 1 leverage ratio	10.50%	10.29%	10.43%	5.00%
Common Equity Tier 1 capital ratio	11.87%	11.04%	10.75%	6.50%
Tier 1 capital ratio	11.87%	11.04%	10.75%	8.00%
Total capital ratio	13.06%	12.20%	11.92%	10.00%

Nonperforming assets*(dollars in thousands)*

	6/30/2018	3/31/2018	6/30/2017
Nonperforming assets	\$ 31	\$ 39	\$ 169
Nonperforming assets to total assets	0.01%	0.01%	0.05%