



FOR IMMEDIATE RELEASE
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Pinnacle Bank Announces Q2 2019 Results

Gilroy, CA – July 25, 2019 — Pinnacle Bank (OTCQB: PBNK), headquartered in Gilroy, California, announced today unaudited net income for the six months ended June 30, 2019 of \$2,820,000, compared to \$2,532,000 in the same period of 2018, an 11.4% increase. Net income for three months ended June 30, 2019 was \$1,365,000, compared to \$1,423,000 in the same period of 2018.

As of June 30, 2019, total assets were \$401.2 million, an 11% increase from the \$360.5 million at June 30, 2018.

Loans were \$328.5 million at June 30, 2019, an increase of \$55.5 million (20%) from the June 30, 2018 balance of \$273.0 million. The allowance for loan losses at June 30, 2019 was \$3.9 million or 1.20% of loans compared to \$3.7 million or 1.35% of loans at June 30, 2018.

Total deposits at June 30, 2019, increased to \$345.3 million from \$319.1 million at June 30, 2018, an 8% increase.

Credit quality remained strong with nonperforming assets totaling \$836,000 (0.21% of assets) at June 30, 2019 compared to \$31,000 (0.01% of assets) a year earlier.

We completed an offering of 698,004 shares of common stock on February 25, 2019, resulting in gross proceeds of \$8,027,046. The Bank's capital position remains above regulatory guidelines for well capitalized banks. At June 30, 2019, the Bank had a total capital ratio of 14.70%. Book value per share at June 30, 2019 was \$9.73. Net interest margin in the second quarter of 2019 was 5.31% compared to 5.24% for the same period in 2018.

"Pinnacle Bank continued our momentum and quality growth during the second quarter of 2019 as loans and deposits grew 20% and 8%, respectively over Q2 2018. The successful capital offering in February of this year allows us to invest in the franchise to further our growth in the coming years. The continued success of our relationship banking approach is reflected in our ability to attract and retain clients," 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."

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 2019 Super Premier performing bank based upon 2018 performance.

For more information please go to www.pinnacle.bank click on Investor Relations and June 2019 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 click on Investor Relations and June 2019 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)*

	6/30/2019	3/31/2019	6/30/2018	Year over year change	
				\$	%
Total assets	\$ 401,203	\$ 384,275	\$ 360,474	\$ 40,729	11%
Gross loans	\$ 328,490	\$ 317,380	\$ 272,978	\$ 55,512	20%
Allowance for loan losses	\$ (3,945)	\$ (3,836)	\$ (3,698)	\$ (248)	7%
Non-interest bearing deposits	\$ 134,973	\$ 132,599	\$ 160,009	\$ (25,036)	-16%
Interest-bearing deposits	\$ 210,372	\$ 196,951	\$ 159,066	\$ 51,307	32%
Total deposits	\$ 345,345	\$ 329,550	\$ 319,075	\$ 26,271	8%
Shareholders' equity	\$ 50,799	\$ 49,336	\$ 37,222	\$ 13,577	36%

Summary Income Statement*(Unaudited, dollars in thousands)*

	Quarter	Quarter	Change	Quarter	Change
	ended	ended		ended	
<i>except per share data)</i>	6/30/2019	3/31/2019	%	6/30/2018	%
Interest income	\$ 5,250	\$ 4,906	7%	\$ 4,322	21%
Interest expense	449	285	58%	99	356%
Net interest income	4,801	4,621	4%	4,224	14%
Provision for loan losses	100	0	0%	0	0%
Non-interest income	828	947	-13%	1,021	-19%
Non-interest expense	3,575	3,486	3%	3,220	11%
Income tax expense	589	627	-6%	602	-2%
Net income (loss)	\$ 1,365	\$ 1,455	-6%	\$ 1,423	-4%
Basic Earnings per share	\$ 0.26	\$ 0.30	-13%	\$0.32	-19%
Diluted Earnings per share	\$ 0.26	\$ 0.30	-14%	\$0.24	8%
Book value per share	\$ 9.73	\$ 9.52	2%	\$ 8.31	17%
Shares outstanding at period end	5,223,145	5,223,145	0%	4,479,312	17%
Return on average assets	1.41%	1.59%		1.64%	
Return on average equity	10.83%	13.05%		15.49%	

	6/30/2019	3/31/2019	6/30/2018	Minimum required to be well-capitalized
Capital Ratios				
Tier 1 leverage ratio	13.13%	13.49%	10.50%	5.00%
Common Equity Tier 1 capital ratio	13.63%	13.93%	11.87%	6.50%
Tier 1 capital ratio	13.63%	13.93%	11.87%	8.00%
Total capital ratio	14.70%	15.02%	13.06%	10.00%