



FOR IMMEDIATE RELEASE
PRESS RELEASE: October 31, 2016

Pinnacle Bank Announces Q3 2016 Results

Gilroy, CA – October 31, 2016 - PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the three months ended September 30, 2016 of \$542,000, an increase of 216% over the same period in 2015 net income of \$172,000.

As of September 30, 2016, total assets were \$281.8 million, a 16% increase from the \$243.0 million at September 30, 2015.

Loans were \$221.4 million at September 30, 2016, an increase of \$41.7 million (23%) from the September 30, 2015 balance of \$179.8 million. The allowance for loan losses at September 30, 2016 was \$3.3 million or 1.51% of loans compared to \$3.6 million or 2.03% of loans at September 30, 2015.

Non-interest bearing deposits at September 30, 2016, increased 31% to \$121.9 million from \$92.9 million at September 30, 2015. Total deposits at September 30, 2016, were \$250.9 million compared to \$216.4 million at September 30, 2015, a 16% increase.

Nonperforming assets were \$446,000 (0.16% of assets) at September 30, 2016 compared to \$2.3 million (0.96% of assets) a year earlier.

"We delivered strong results in the third quarter as a result of the successful implementation of our growth strategy. Through our quality organic growth and focus on client relationships we increased net income 216% over the same period in 2015. Our 23% growth in loans, 16% growth in deposits combined with the 31% increase in non-interest bearing deposits reflects the success of our relationship banking model," stated Susan K. Black, President and CEO. "As we celebrate the Bank's 10th anniversary, we are especially appreciative of the contributions of our committed directors, advisors and staff and our loyal clients who help build the Bank through their referrals."

The Bank's capital position remains above regulatory guidelines for well capitalized banks. At September 30, 2016, the Bank had a total capital ratio of 11.16%. Book value per share at September 30, 2016 was \$7.83. Net interest margin in the third quarter of 2016 was 4.21%.

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 click on Investor Relations and September 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 click on Investor Relations and September 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)*

	9/30/2016		6/30/2016		9/30/2015		Year over year change		
	\$		\$		\$		\$	%	
Total assets	\$	281,751	\$	263,446	\$	242,999	\$	38,752	16%
Gross loans	\$	221,432	\$	211,594	\$	179,752	\$	41,681	23%
Allowance for loan losses	\$	(3,339)	\$	(3,317)	\$	(3,643)	\$	304	-8%
Non-interest bearing deposits	\$	121,881	\$	108,460	\$	92,940	\$	28,941	31%
Interest-bearing deposits	\$	128,996	\$	125,053	\$	123,477	\$	5,519	4%
Total deposits	\$	250,877	\$	233,513	\$	216,417	\$	34,460	16%
Shareholders' equity	\$	27,337	\$	26,783	\$	24,892	\$	2,444	10%

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

	Quarter ended		Change	Quarter ended		Change		
	9/30/2016	6/30/2016		9/30/2015	9/30/2015			
Interest income	\$	2,758	\$	2,533	9%	\$	2,196	26%
Interest expense		70		68	3%		76	-8%
Net interest income		2,688		2,465	9%		2,120	27%
Provision for loan losses		0		0	0%		0	0%
Non-interest income		773		640	21%		280	176%
Non-interest expense		2,548		2,457	4%		2,101	21%
Income tax expense		371		287	29%		127	192%
Net income (loss)	\$	542	\$	361	50%	\$	172	216%
Basic Earnings (loss) per share	\$	0.16	\$	0.10	58%	\$	\$0.05	220%
Diluted Earnings (loss) per share	\$	0.15	\$	0.10	50%	\$	\$0.05	200%
Book value per share	\$	7.83	\$	7.68	2%	\$	7.29	7%
Shares outstanding at period end		3,490,781		3,487,536	0%		3,412,938	2%
Return on average assets		0.78%		0.55%			0.28%	
Return on average equity		7.87%		5.41%			2.74%	

Capital Ratios				Minimum
	9/30/2016	6/30/2016	9/30/2015	required to be well-capitalized
Tier 1 leverage ratio	9.31%	9.47%	9.16%	5.00%
Common Equity Tier 1 capital ratio	9.91%	10.15%	10.72%	6.50%
Tier 1 capital ratio	9.91%	10.15%	10.72%	8.00%
Total capital ratio	11.16%	11.41%	11.99%	10.00%

Nonperforming assets	9/30/2016	6/30/2016	6/30/2015			
Nonperforming assets	\$	446	\$	455	\$	2,257
Nonperforming assets to total assets		0.16%		0.17%		0.96%
Allowance for loan losses to nonperforming loans		1.51%		1.57%		2.09%