



FOR IMMEDIATE RELEASE
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Pinnacle Bank Announces Q3 2018 Results

Gilroy, CA – October 26, 2018 – OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the three months ended September 30, 2018 of \$1,278,000, an increase of 34% over the same period in 2017 net income of \$952,000.

As of September 30, 2018, total assets were \$369.3 million, a 7% increase from the \$345.2 million at September 30, 2017.

Loans were \$282.7 million at September 30, 2018, an increase of \$11.7 million (4%) from the September 30, 2017 balance of \$271.0 million. The allowance for loan losses at September 30, 2018 was \$3.7 million or 1.31% of loans compared to \$3.6 million or 1.35% of loans at September 30, 2017.

Total deposits at September 30, 2018, were \$326.0 million compared to \$307.1 million at September 30, 2017, a 6% increase.

Credit quality remained strong with nonperforming assets totaling \$24,000 (0.01% of assets) at September 30, 2018 compared to \$156,000 (0.05% of assets) a year earlier.

"Pinnacle Bank had a solid third quarter with net income exceeding the prior year quarter by 34%. Our loans and deposits grew 7% and 6%, respectively over the third quarter of 2017 while net interest income grew 19%. Our relationship banking approach continues to draw and retain clients. 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 September 30, 2018, the Bank had a total capital ratio of 13.34%. A 10% stock dividend was declared on September 27, 2018. Book value per share at September 30, 2018 was \$8.58, as adjusted for the stock dividend. Net interest margin in the third 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 September 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 September 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)*

	9/30/2018	6/30/2018	9/30/2017	Year over year change	
				\$	%
Total assets	\$ 369,267	\$ 360,474	\$ 345,217	\$ 24,050	7%
Gross loans	\$ 282,704	\$ 272,978	\$ 271,048	\$ 11,656	4%
Allowance for loan losses	\$ (3,701)	\$ (3,698)	\$ (3,647)	\$ (54)	1%
Non-interest bearing deposits	\$ 154,294	\$ 160,009	\$ 155,532	\$ (1,238)	-1%
Interest-bearing deposits	\$ 171,747	\$ 159,066	\$ 151,599	\$ 20,148	13%
Total deposits	\$ 326,041	\$ 319,075	\$ 307,131	\$ 18,910	6%
Shareholders' equity	\$ 38,585	\$ 37,222	\$ 33,673	\$ 4,912	15%

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

	Quarter ended	Quarter ended	Change	Quarter ended	Change
	9/30/2018	6/30/2018		9/30/2017	
Interest income	\$ 4,367	\$ 4,322	1%	\$ 3,618	21%
Interest expense	144	99	46%	73	97%
Net interest income	4,223	4,224	0%	3,545	19%
Provision for loan losses	0	0	0%	120	-100%
Non-interest income	634	1,021	-38%	997	-36%
Non-interest expense	3,053	3,220	-5%	2,805	9%
Income tax expense	525	602	-13%	665	-21%
Net income (loss)	\$ 1,278	\$ 1,423	-10%	\$ 952	34%

Basic Earnings per share	\$ 0.29	\$ 0.32	-11%	\$0.22	29%
Diluted Earnings per share	\$ 0.28	\$ 0.31	-12%	\$0.21	30%
Book value per share	\$ 8.58	\$ 8.31	3%	\$ 7.74	11%
Shares outstanding at period end	4,497,480	4,479,312	0%	4,350,783	3%
Return on average assets	1.40%	1.64%		1.16%	
Return on average equity	13.26%	15.49%		11.26%	

Capital Ratios

	9/30/2018	6/30/2018	9/30/2017	Minimum required to be well-capitalized
Tier 1 leverage ratio	10.66%	10.50%	10.28%	5.00%
Common Equity Tier 1 capital ratio	12.16%	11.87%	10.62%	6.50%
Tier 1 capital ratio	12.16%	11.87%	10.62%	8.00%
Total capital ratio	13.34%	13.06%	11.78%	10.00%

Nonperforming assets*(dollars in thousands)*

	9/30/2018	6/30/2018	9/30/2017
Nonperforming assets	\$ 24	\$ 31	\$ 156
Nonperforming assets to total assets	0.01%	0.01%	0.05%