



FOR IMMEDIATE RELEASE  
PRESS RELEASE: April 27, 2018

### **Pinnacle Bank Announces Q1 2018 Results**

Gilroy, CA – April 27, 2018 – OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the three months ended March 31, 2018 of \$1,110,000, an increase of 102% over the same period in 2017 net income of \$550,000.

As of March 31, 2018, total assets were \$353.1 million, a 14% increase from the \$308.4 million at March 31, 2017.

Loans were \$278.1 million at March 31, 2018, an increase of \$17.9 million (7%) from the March 31, 2017 balance of \$260.2 million. The allowance for loan losses at March 31, 2018 was \$3.7 million or 1.33% of loans compared to \$3.5 million or 1.33% of loans at March 31, 2017.

Non-interest bearing deposits at March 31, 2018, increased 29% to \$160.2 million from \$124.4 million at March 31, 2017. Total deposits at March 31, 2018, were \$313.6 million compared to \$273.7 million at March 31, 2017, a 15% increase.

Credit quality remained strong with nonperforming assets totaling \$39,000 (0.01% of assets) at March 31, 2018 compared to \$305,000 (0.10% of assets) a year earlier.

“Building off the successes of 2017, Pinnacle Bank has a strong start to 2018. Our loans and deposits grew 7% and 15%, respectively over the first quarter of 2017 while net interest income grew 24%. Our relationship banking approach continues to draw and retain clients. As a top SBA 7(a) SBA lender in California, the first quarter included solid gains on the sale of SBA 7(a) loan guarantees. Our credit quality remained strong even as loans grew in a competitive environment,” 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 March 31, 2018, the Bank had a total capital ratio of 12.20%. Book value per share at March 31, 2018 was \$8.79. Net interest margin in the first quarter of 2018 was 4.91%.

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 2017 Super Premier performing bank based upon 2016 performance.

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

Media Contact:  
Pinnacle Bank  
Jeffrey D. Payne, President & CEO  
408-762-7146

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

Year over year change

	3/31/2018	12/31/2017	3/31/2017	\$	%
Total assets	\$ 353,134	\$ 342,471	\$ 308,447	\$ 44,687	14%
Gross loans	\$ 278,131	\$ 273,114	\$ 260,213	\$ 17,918	7%
Allowance for loan losses	\$ (3,695)	\$ (3,815)	\$ (3,461)	\$ (234)	7%
Non-interest bearing deposits	\$ 160,182	\$ 159,796	\$ 124,437	\$ 35,745	29%
Interest-bearing deposits	\$ 153,419	\$ 144,854	\$ 149,217	\$ 4,203	3%
Total deposits	\$ 313,601	\$ 304,650	\$ 273,654	\$ 39,948	15%
Shareholders' equity	\$ 35,712	\$ 34,235	\$ 31,716	\$ 3,996	13%

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

	Quarter ended 3/31/2018	Quarter ended 12/31/2017	Change %	Quarter ended 3/31/2017	Change %
Interest income	\$ 3,917	\$ 3,810	3%	\$ 3,161	24%
Interest expense	85	77	10%	71	19%
Net interest income	3,833	3,733	3%	3,090	24%
Provision for loan losses	75	160	-53%	257	-71%
Non-interest income	922	982	-6%	778	18%
Non-interest expense	3,079	2,867	7%	2,632	17%
Income tax expense	491	1,153	-57%	430	14%
Net income (loss)	\$ 1,110	\$ 535	107%	\$ 550	102%

Basic Earnings per share	\$ 0.28	\$ 0.14	104%	\$ 0.14	100%
Diluted Earnings per share	\$ 0.27	\$ 0.13	109%	\$ 0.14	93%
Book value per share	\$ 8.79	\$ 8.65	2%	\$ 8.03	9%
Shares outstanding at period end	4,065,002	3,959,883	3%	3,947,808	3%
Return on average assets	1.30%	0.59%		0.75%	
Return on average equity	12.72%	6.15%		7.96%	

**Capital Ratios**

	3/31/2018	12/31/2017	3/31/2017	Minimum required to be well-capitalized
Tier 1 leverage ratio	10.29%	9.50%	10.02%	5.00%
Common Equity Tier 1 capital ratio	11.04%	10.79%	10.08%	6.50%
Tier 1 capital ratio	11.04%	10.79%	10.08%	8.00%
Total capital ratio	12.20%	11.99%	11.24%	10.00%

**Nonperforming assets***(Unaudited, dollars in thousands)*

	3/31/2018	12/31/2017	3/31/2017
Nonperforming assets	\$ 39	\$ 284	\$ 305
Nonperforming assets to total assets	0.01%	0.08%	0.10%