



FOR IMMEDIATE RELEASE
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Pinnacle Bank Announces Record Q3 2017 Operating Results

Gilroy, CA – October 27, 2017 - PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the quarter ended September 30, 2017 of \$952,000, an increase of 76% over the same period in 2016 net income of \$542,000.

As of September 30, 2017, total assets were a record high of \$345.2 million, a 23% increase from the \$281.8 million at September 30, 2016.

Loans were \$271.0 million at September 30, 2017, an increase of \$49.6 million (22%) from the September 30, 2016 balance of \$221.4 million. The allowance for loan losses at September 30, 2017 was \$3.6 million or 1.35% of loans compared to \$3.3 million or 1.51% of loans at September 30, 2016.

Non-interest bearing deposits at September 30, 2017, increased 28% to \$155.5 million from \$121.9 million at September 30, 2016. Total deposits at September 30, 2017, were \$307.1 million compared to \$250.9 million at September 30, 2016, a 22% increase.

Nonperforming assets were \$156,000 (0.05% of assets) at September 30, 2017 compared to \$446,000 (0.16% of assets) a year earlier.

"The strong third quarter operating results highlight our 2017 successes. Loans and deposits grew more than 20% over 2016. This growth reflects the success of our relationship banking approach in attracting and retaining clients. We continue to see increases in net interest income and gains on sale of SBA 7(a) loan guarantees, while maintaining strong credit quality," 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, 2017, the Bank had a total capital ratio of 11.78%. Book value per share at September 30, 2017 was \$8.51. Net interest margin in the third quarter of 2017 was 4.73%.

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 click on Investor Relations and September 2017 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 2017 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

<i>(Unaudited, dollars in thousands)</i>	9/30/2017	6/30/2017	9/30/2016	Year over year change	
				\$	%
Total assets	\$ 345,217	\$ 314,952	\$ 281,751	\$ 63,466	23%
Gross loans	\$ 271,048	\$ 258,752	\$ 221,432	\$ 49,616	22%
Allowance for loan losses	\$ (3,647)	\$ (3,523)	\$ (3,339)	\$ (308)	9%
Non-interest bearing deposits	\$ 155,532	\$ 132,530	\$ 121,881	\$ 33,651	28%
Interest-bearing deposits	\$ 151,599	\$ 145,476	\$ 128,996	\$ 22,603	18%
Total deposits	\$ 307,131	\$ 278,006	\$ 250,877	\$ 56,254	22%
Shareholders' equity	\$ 33,673	\$ 32,681	\$ 27,337	\$ 6,336	23%

Summary Income Statement

<i>(Unaudited, dollars in thousands except per share data)</i>	Quarter ended		Change	Quarter ended	
	9/30/2017	6/30/2017		%	9/30/2016
Interest income	\$ 3,618	\$ 3,399	6%	\$ 2,758	31%
Interest expense	73	75	-3%	70	4%
Net interest income	3,545	3,324	7%	2,688	32%
Provision for loan losses	120	0	0%	0	0%
Non-interest income	997	1,111	-10%	773	29%
Non-interest expense	2,805	2,807	0%	2,548	10%
Income tax expense	665	707	-6%	371	79%
Net income (loss)	\$ 952	\$ 920	3%	\$ 542	76%
Basic Earnings per share	\$ 0.24	\$ 0.23	4%	\$0.16	50%
Diluted Earnings per share	\$ 0.23	\$ 0.22	4%	\$0.15	53%
Book value per share	\$ 8.51	\$ 8.26	3%	\$ 7.83	9%
Shares outstanding at period end	3,955,257	3,954,547	0%	3,490,781	13%
Return on average assets	1.16%	1.19%		0.78%	
Return on average equity	11.26%	11.35%		7.87%	

Capital Ratios

	9/30/2017	6/30/2017	9/30/2016	Minimum required to be well-capitalized
Tier 1 leverage ratio	10.28%	10.43%	9.31%	5.00%
Common Equity Tier 1 capital ratio	10.62%	10.75%	9.91%	6.50%
Tier 1 capital ratio	10.62%	10.75%	9.91%	8.00%
Total capital ratio	11.78%	11.92%	11.16%	10.00%

Nonperforming assets

	9/30/2017	6/30/2017	9/30/2016
Nonperforming assets	\$ 156	\$ 169	\$ 446
Nonperforming assets to total assets	0.05%	0.05%	0.16%
Allowance for loan losses to total loans	1.35%	1.36%	1.51%