



FOR IMMEDIATE RELEASE
PRESS RELEASE: April 29, 2019

Pinnacle Bank Announces Q1 2019 Results

Gilroy, CA – April 29, 2019 — Pinnacle Bank, (OTCQB: PBNK) headquartered in Gilroy, California, announced today unaudited net income for the three months ended March 31, 2019 of \$1,455,000, an increase of 31% over the same period in 2018 net income of \$1,110,000.

As of March 31, 2019, total assets were \$384.3 million, a 9% increase from the \$353.1 million at March 31, 2018.

Loans were \$317.4 million at March 31, 2019, an increase of \$39.2 million (14%) from the March 31, 2018 balance of \$278.1 million. The allowance for loan losses at March 31, 2019 was \$3.8 million or 1.21% of loans compared to \$3.7 million or 1.33% of loans at March 31, 2018.

Total deposits at March 31, 2019, increased to \$329.6 million from \$313.6 million at March 31, 2018, a 5% increase.

Credit quality remained strong with nonperforming assets totaling \$12,000 (0.00% of assets) at March 31, 2019 compared to \$39,000 (0.01% of assets) a year earlier.

“Pinnacle Bank built on our 2018 momentum during the first quarter of 2019 with net income exceeding the same period in the prior year by 31%. Loans and deposits grew 14% and 5%, respectively over Q1 2018 while net interest income grew 21%. Credit quality remained strong. 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.”

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 March 31, 2019, the Bank had a total capital ratio of 15.02%. Book value per share at March 31, 2019 was \$9.52. Net interest margin in the first quarter of 2019 was 5.50% compared to 4.91% for the same period in 2018.

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.pinnacle.bank click on Investor Relations and March 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 March 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.

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

Summary Balance Sheet

(Unaudited, dollars in thousands)

	3/31/2019	12/31/2018	3/31/2018	Year over year change	
				\$	%
Total assets	\$384,275	\$359,927	\$353,134	\$31,141	9%
Gross loans	\$317,380	\$290,744	\$278,131	\$39,249	14%
Allowance for loan losses	\$(3,836)	\$(3,718)	\$(3,695)	\$(141)	4%
Non-interest bearing deposits	\$132,599	\$135,417	\$160,182	\$(27,583)	-17%
Interest-bearing deposits	\$196,951	\$178,984	\$153,419	\$43,532	28%
Total deposits	\$329,550	\$314,401	\$313,601	\$15,949	5%
Shareholders' equity	\$49,336	\$40,240	\$35,712	\$13,624	38%

Summary Income Statement

(Unaudited, dollars in thousands except per share data)

	Quarter ended		Change	Quarter ended	
	3/31/2019	12/31/2018		3/31/2018	Change
			%		%
Interest income	\$ 4,906	\$ 4,636	6%	\$ 3,917	25%
Interest expense	285	224	27%	85	237%
Net interest income	4,621	4,412	5%	3,833	21%
Provision for loan losses	0	0	0%	75	-100%
Non-interest income	947	687	38%	922	3%
Non-interest expense	3,486	3,077	13%	3,079	13%
Income tax expense	627	480	31%	491	28%
Net income (loss)	\$ 1,455	\$ 1,542	-6%	\$ 1,110	31%
Basic Earnings per share	\$ 0.30	\$ 0.34	-12%	\$0.25	20%
Diluted Earnings per share	\$ 0.30	\$ 0.33	-9%	\$0.24	25%
Book value per share	\$ 9.52	\$ 8.93	7%	\$ 8.58	11%
Shares outstanding at period end	5,223,145	4,505,598	16%	4,471,502	17%

Capital Ratios	3/31/2019	12/31/2018	3/31/2018	Minimum
				required to be well-capitalized
Tier 1 leverage ratio	13.49%	10.74%	10.29%	5.00%
Common Equity Tier 1 capital ratio	13.93%	12.37%	11.04%	6.50%
Tier 1 capital ratio	13.93%	12.37%	11.04%	8.00%
Total capital ratio	15.02%	13.52%	12.20%	10.00%