



FOR IMMEDIATE RELEASE  
PRESS RELEASE: April 28, 2017

### **Pinnacle Bank Announces Q1 2017 Results**

Gilroy, CA – April 28, 2017 - PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the quarter ended March 31, 2017 of \$550,000, a decrease of 30% from the same period in 2016 net income of \$781,000. The Bank recorded a provision for loan losses of \$257,000 during the first quarter of 2017 compared to the \$500,000 reduction in the allowance for loan losses during first quarter of 2016. Also in the first quarter of 2016, the sale of other real estate owned resulted in a gain of \$412,000. Operating earnings, after removing the effects of the provision for loan losses, gain on sale of other real estate owned and income taxes, were \$1.237 million in the first quarter of 2017 compared to \$441,000 in the first quarter of 2016.

As of March 31, 2017, total assets were \$308.4 million, a 16% increase from the \$266.2 million at March 31, 2016.

Loans were \$260.2 million at March 31, 2017, an increase of \$64.3 million (33%) from the March 31, 2016 balance of \$195.9 million. The allowance for loan losses at March 31, 2017 was \$3.5 million or 1.33% of loans compared to \$3.3 million or 1.68% of loans at March 31, 2016.

Non-interest bearing deposits at March 31, 2017, increased 18% to \$124.4 million from \$105.0 million at March 31, 2016. Total deposits at March 31, 2017, were \$273.7 million compared to \$237.8 million at March 31, 2016, a 15% increase.

Nonperforming assets were \$305,000 (0.10% of assets) at March 31, 2017 compared to \$471,000 (0.18% of assets) a year earlier.

"Pinnacle Bank has started 2017 with a strong first quarter. Our double digit organic loan and deposit growth is the result of successfully delivering our style of banking services. We are pleased with the growth in core operating earnings," stated Jeffrey D. Payne, President and CEO. "We are especially appreciative of the continued contributions of our top-notch 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, 2017, the Bank had a total capital ratio of 11.24%. Book value per share at March 31, 2017 was \$8.03. Net interest margin in the first quarter of 2017 was 4.45%.

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 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](http://www.pinnaclebankonline.com) click on Investor Relations and March 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***(Unaudited, dollars in thousands)*

	3/31/2017		12/31/2016		3/31/2016		Year over year change		
							\$	%	
Total assets	\$	308,447	\$	295,558	\$	266,215	\$	42,232	16%
Gross loans	\$	260,213	\$	241,443	\$	195,935	\$	64,278	33%
Allowance for loan losses	\$	(3,461)	\$	(3,186)	\$	(3,294)	\$	(167)	5%
Non-interest bearing deposits	\$	124,437	\$	122,718	\$	105,016	\$	19,421	18%
Interest-bearing deposits	\$	149,217	\$	140,637	\$	132,736	\$	16,481	12%
Total deposits	\$	273,654	\$	263,355	\$	237,752	\$	35,901	15%
Shareholders' equity	\$	31,716	\$	28,222	\$	26,293	\$	5,423	21%

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

	Quarter ended		Change	Quarter ended		Change		
	3/31/2017	12/31/2016		3/31/2016	3/31/2016			
Interest income	\$	3,161	\$	2,957	7%	\$	2,451	29%
Interest expense		71		74	-4%		68	4%
Net interest income		3,090		2,883	7%		2,383	30%
Provision for loan losses		257		0	0%		(500)	-151%
Non-interest income		778		957	-19%		1,004	-22%
Non-interest expense		2,632		2,586	2%		2,534	4%
Income tax expense		430		477	-10%		572	-25%
Net income (loss)	\$	550	\$	777	-29%	\$	781	-30%

Basic Earnings (loss) per share	\$	0.14	\$	0.22	-36%	\$	0.23	-39%
Diluted Earnings (loss) per share	\$	0.14	\$	0.21	-33%	\$	0.22	-36%
Book value per share	\$	8.03	\$	8.02	0%	\$	7.63	5%
Shares outstanding at period end		3,947,808		3,518,863	12%		3,445,041	15%
Return on average assets		0.75%		1.04%			1.21%	
Return on average equity		7.96%		11.01%			12.15%	

<b>Capital Ratios</b>	3/31/2017		12/31/2016		3/31/2016		Minimum
							required to be
Tier 1 leverage ratio		10.02%		9.03%		9.24%	5.00%
Common Equity Tier 1 capital ratio		10.08%		9.63%		10.57%	6.50%
Tier 1 capital ratio		10.08%		9.63%		10.57%	8.00%
Total capital ratio		11.24%		10.79%		11.83%	10.00%

**Nonperforming assets**

	3/31/2017		12/31/2016		3/31/2016	
Nonperforming assets	\$	305	\$	83	\$	471
Nonperforming assets to total assets		0.10%		0.03%		0.18%
Allowance for loan losses to nonperforming loans		1133.20%		3815.73%		699.32%