



FOR IMMEDIATE RELEASE
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Pinnacle Bank Announces Record Q2 2017 Operating Results

Gilroy, CA – July 28, 2017 - PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the quarter ended June 30, 2017 of \$920,000, an increase of 155% over the same period in 2016 net income of \$361,000.

As of June 30, 2017, total assets were \$315.0 million, a 20% increase from the \$263.4 million at June 30, 2016.

Loans were \$258.8 million at June 30, 2017, an increase of \$47.2 million (22%) from the June 30, 2016 balance of \$211.6 million. The allowance for loan losses at June 30, 2017 was \$3.5 million or 1.36% of loans compared to \$3.3 million or 1.57% of loans at June 30, 2016.

Non-interest bearing deposits at June 30, 2017, increased 22% to \$132.5 million from \$108.5 million at June 30, 2016. Total deposits at June 30, 2017, were \$278.0 million compared to \$233.5 million at June 30, 2016, a 19% increase.

Nonperforming assets were \$169,000 (0.05% of assets) at June 30, 2017 compared to \$455,000 (0.17% of assets) a year earlier.

"We are pleased to report record operating results for the second quarter ended June 30, 2017. Our double digit growth is reflective of clients continuing to join us for our relationship banking services. 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 are 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 June 30, 2017, the Bank had a total capital ratio of 11.92%. Book value per share at June 30, 2017 was \$8.26. Net interest margin in the second quarter of 2017 was 4.71%.

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 June 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 June 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)*

Year over year change

	6/30/2017	3/31/2017	6/30/2016	\$	%
Total assets	\$ 314,952	\$ 308,447	\$ 263,446	\$ 51,505	20%
Gross loans	\$ 258,752	\$ 260,213	\$ 211,594	\$ 47,159	22%
Allowance for loan losses	\$ (3,523)	\$ (3,461)	\$ (3,317)	\$ (206)	6%
Non-interest bearing deposits	\$ 132,530	\$ 124,437	\$ 108,460	\$ 24,070	22%
Interest-bearing deposits	\$ 145,476	\$ 149,217	\$ 125,053	\$ 20,423	16%
Total deposits	\$ 278,006	\$ 273,654	\$ 233,513	\$ 44,492	19%
Shareholders' equity	\$ 32,681	\$ 31,716	\$ 26,783	\$ 5,897	22%

Summary Income Statement*(Unaudited, dollars in thousands)*

	Quarter ended	Quarter ended	Change	Quarter ended	Change
	6/30/2017	3/31/2017	%	6/30/2016	%
<i>except per share data)</i>					
Interest income	\$ 3,399	\$ 3,161	8%	\$ 2,533	34%
Interest expense	75	71	6%	68	10%
Net interest income	3,324	3,090	8%	2,465	35%
Provision for loan losses	0	257	-100%	0	0%
Non-interest income	1,111	778	43%	640	74%
Non-interest expense	2,807	2,632	7%	2,457	14%
Income tax expense	707	430	64%	287	146%
Net income (loss)	\$ 920	\$ 550	68%	\$ 361	155%
Basic Earnings per share	\$ 0.23	\$ 0.14	63%	\$ 0.10	130%
Diluted Earnings per share	\$ 0.22	\$ 0.14	58%	\$ 0.10	120%
Book value per share	\$ 8.26	\$ 8.03	3%	\$ 7.68	8%
Shares outstanding at period end	3,954,547	3,947,808	0%	3,487,536	13%
Return on average assets	1.19%	0.75%		0.57%	
Return on average equity	11.35%	7.96%		5.41%	

Capital Ratios

	6/30/2017	3/31/2017	6/30/2016	Minimum required to be well-capitalized
Tier 1 leverage ratio	10.43%	10.02%	9.47%	5.00%
Common Equity Tier 1 capital ratio	10.75%	10.08%	10.15%	6.50%
Tier 1 capital ratio	10.75%	10.08%	10.15%	8.00%
Total capital ratio	11.92%	11.24%	11.41%	10.00%

Nonperforming assets

	6/30/2017	3/31/2017	6/30/2016
Nonperforming assets	\$ 169	\$ 305	\$ 455
Nonperforming assets to total assets	0.05%	0.10%	0.17%
Allowance for loan losses to nonperforming loans	2079.64%	1133.20%	729.02%