



FOR IMMEDIATE RELEASE
PRESS RELEASE: April 29, 2016

Pinnacle Bank Announces Q1 2016 Results

Gilroy, CA – April 29, 2016 – PBNK (OTCQX) - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the three months ended March 31, 2016 of \$781,000, an increase of 423% over the same period in 2015 net income of \$149,000.

As of March 31, 2016, total assets were \$266.2 million, a 10% increase from the \$242.2 million at March 31, 2015.

Loans were \$195.9 million at March 31, 2016, an increase of \$31.3 million (19%) from the March 31, 2015 balance of \$164.7 million. The allowance for loan losses at March 31, 2016 was \$3.3 million or 1.68% of loans compared to \$3.6 million or 2.17% of loans at March 31, 2015.

Non-interest bearing deposits at March 31, 2016, increased 22% to \$105.0 million from \$85.9 million at March 31, 2015. Total deposits at March 31, 2016, were \$237.8 million compared to \$216.8 million at March 31, 2015, a 10% increase. During the first quarter of 2016, the Bank reduced the allowance for loan losses by \$500,000 after receiving \$517,000 in recoveries during the quarter. During the fourth quarter of 2015, the Bank reduced the allowance for loan losses by \$400,000 in recognition of improved credit quality.

Nonperforming assets were \$471,000 (0.18% of assets) at March 31, 2016 compared to \$2.3 million (0.94% of assets) a year earlier. The Bank's only other real estate owned was sold in March 2016 at a gain of \$412,000.

"We made excellent progress in several areas in the first quarter of 2016. Asset quality improved with the sale of the other real estate owned, we had a significant recovery, our net interest margin improved and we continued to post solid double-digit balance sheet growth, with core non-interest bearing deposits increasing 22%. Our 2015 investment in revenue producing personnel is beginning to produce results," stated Susan K. Black, President and CEO. "We remain focused on the fundamentals of community banking and especially appreciate the many business owners and nonprofit executives who choose Pinnacle Bank as their banking partner. As we celebrate the Bank's 10th year in operation, our directors, advisors and bankers are as committed as they were on the day the Bank opened to our vision, focused business strategy, and the long-term success of the Bank."

The Bank's capital position remains above regulatory guidelines for well capitalized banks. At March 31, 2016, the Bank had a total capital ratio of 11.83%. Book value per share at March 31, 2016 was \$7.63. Net interest margin in the first quarter of 2016 was 4.02%.

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.pinnaclebankonline.com click on Investor Relations and March 2016 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 March 2016 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)*

	3/31/2016	12/31/2015	3/31/2015	Year over year change	
				\$	%
Total assets	\$ 266,215	\$ 252,948	\$ 242,186	\$ 24,029	10%
Gross loans	\$ 195,935	\$ 191,135	\$ 164,677	\$ 31,258	19%
Allowance for loan losses	\$ (3,294)	\$ (3,277)	\$ (3,577)	\$ 283	-8%
Non-interest bearing deposits	\$ 105,016	\$ 102,616	\$ 85,864	\$ 19,152	22%
Interest-bearing deposits	\$ 132,736	\$ 123,296	\$ 130,940	\$ 1,796	1%
Total deposits	\$ 237,752	\$ 225,912	\$ 216,804	\$ 20,948	10%
Shareholders' equity	\$ 26,293	\$ 25,420	\$ 24,327	\$ 1,967	8%

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

	Quarter ended		Change	Quarter ended	
	3/31/2016	12/31/2015	%	3/31/2015	%
Interest income	\$ 2,451	\$ 2,338	5%	\$ 2,013	22%
Interest expense	68	72	-6%	82	-17%
Net interest income	2,383	2,266	5%	1,931	23%
Provision for loan losses	(500)	(400)	25%	0	0%
Non-interest income	1,004	452	122%	339	196%
Non-interest expense	2,534	2,243	13%	2,028	25%
Income tax expense	572	370	55%	93	515%
Net income (loss)	\$ 781	\$ 505	55%	\$ 149	423%
Basic Earnings (loss) per share	\$ 0.23	\$ 0.15	54%	\$0.04	475%
Diluted Earnings (loss) per share	\$ 0.22	\$ 0.14	57%	n/a	n/a
Book value per share	\$ 7.63	\$ 7.43	3%	\$ 7.28	5%
Shares outstanding at period end	3,445,041	3,423,156	1%	3,341,177	3%

Capital Ratios

	3/31/2016	12/31/2015	3/31/2015	Minimum required to be well-capitalized
Tier 1 leverage ratio	9.24%	8.95%	9.13%	5.00%
Common Equity Tier 1 capital ratio	10.57%	10.52%	11.24%	6.50%
Tier 1 capital ratio	10.57%	10.52%	11.24%	8.00%
Total capital ratio	11.83%	11.79%	12.51%	10.00%

Nonperforming assets

	3/31/2016	12/31/2015	3/31/2015
Nonperforming assets	\$ 471	\$ 1,830	\$ 2,268
Nonperforming assets to total assets	0.18%	0.72%	0.94%
Allowance for loan losses to nonperforming loans	699%	683%	390%