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Pinnacle Bank Announces 2016 Results

Gilroy, CA – January 27, 2017 - PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the year ended December 31, 2016 of \$2,461,000, an increase of 139.2% over the same period in 2015 net income of \$1,029,000.

As of December 31, 2016, total assets were \$295.6 million, a 17% increase from the \$252.9 million at December 31, 2015.

Loans were \$241.4 million at December 31, 2016, an increase of \$50.37 million (26%) from the December 31, 2015 balance of \$191.1 million. The allowance for loan losses at December 31, 2016 was \$3.2 million or 1.32% of loans compared to \$3.3 million or 1.71% of loans at December 31, 2015.

Non-interest bearing deposits at December 31, 2016, increased 20% to \$122.7 million from \$102.6 million at December 31, 2015. Total deposits at December 31, 2016, were \$263.4 million compared to \$225.9 million at December 31, 2015, a 17% increase.

Nonperforming assets were \$83,000 (0.03% of assets) at December 31, 2016 compared to \$1.8 million (0.72% of assets) a year earlier.

"2016 was an outstanding year for Pinnacle Bank. We are pleased to report double digit organic growth in all areas of the balance sheet as a result of the successful implementation of our growth strategy. We posted record earnings which were more than double 2015 earnings," stated Susan K. Black, President and CEO. "We are especially appreciative of the 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 December 31, 2016, the Bank had a total capital ratio of 10.79%. Book value per share at December 31, 2016 was \$8.02. Net interest margin in the fourth quarter of 2016 was 4.17%.

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 December 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 December 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)*

				Year over year change	
	12/31/2016	9/30/2016	12/31/2015	\$	%
Total assets	\$ 295,558	\$ 281,751	\$ 252,948	\$ 42,610	17%
Gross loans	\$ 241,443	\$ 221,432	\$ 191,135	\$ 50,308	26%
Allowance for loan losses	\$ (3,186)	\$ (3,339)	\$ (3,277)	\$ 91	-3%
Non-interest bearing deposits	\$ 122,718	\$ 121,881	\$ 102,616	\$ 20,102	20%
Interest-bearing deposits	\$ 140,637	\$ 128,996	\$ 123,296	\$ 17,341	14%
Total deposits	\$ 263,355	\$ 250,877	\$ 225,912	\$ 37,443	17%
Shareholders' equity	\$ 28,222	\$ 27,337	\$ 25,420	\$ 2,802	11%

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

	Year ended		Change	
	12/31/2016	12/31/2015	\$	%
Interest income	\$ 10,699	\$ 8,721	\$ 1,978	22.7%
Interest expense	280	306	(26)	-8.5%
Net interest income	10,419	8,415	2,004	23.8%
Provision for loan losses	(500)	(400)	(100)	25.0%
Non-interest income	3,374	1,370	2,004	146.3%
Non-interest expense	10,125	8,434	1,691	20.0%
Income tax expense	1,707	722	985	136.4%
Net income (loss)	\$ 2,461	\$ 1,029	\$ 1,432	139.2%
Basic Earnings (loss) per share	\$0.71	\$0.31	\$0.40	131.0%
Diluted Earnings (loss) per share	\$0.68	\$0.29	\$0.39	135.6%
Book value per share	\$8.02	\$7.43	\$0.59	7.9%
Shares outstanding at period end	3,518,863	3,423,156	95,707	2.8%

Capital Ratios				Minimum
	12/31/2016	9/30/2016	12/31/2015	required to be well-capitalized
Tier 1 leverage ratio	9.03%	9.31%	8.95%	5.00%
Common Equity Tier 1 capital ratio	9.63%	9.91%	10.52%	6.50%
Tier 1 capital ratio	9.63%	9.91%	10.52%	8.00%
Total capital ratio	10.79%	11.16%	11.79%	10.00%

Nonperforming assets

	12/31/2016	9/30/2016	12/31/2015
Nonperforming assets	\$ 83	\$ 446	\$ 1,830
Nonperforming assets to total assets	0.03%	0.16%	0.72%
Allowance for loan losses to nonperforming loans	3,815.2%	748.9%	683.2%