



FOR IMMEDIATE RELEASE  
PRESS RELEASE: January 25, 2018

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

Gilroy, CA – January 25, 2018 – OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the year ended December 31, 2017 of \$2,957,000, an increase of 20% over the same period in 2016 net income of \$2,461,000, despite a \$518,000 revaluation of deferred tax assets in the fourth quarter due to the recently passed tax reform legislation.

As of December 31, 2017, total assets were \$342.5 million, a 16% increase from the \$295.6 million at December 31, 2016.

Loans were \$273.1 million at December 31, 2017, an increase of \$31.7 million (13%) from the December 31, 2016 balance of \$241.4 million. The allowance for loan losses at December 31, 2017 was \$3.8 million or 1.40% of loans compared to \$3.2 million or 1.32% of loans at December 31, 2016.

Non-interest bearing deposits at December 31, 2017, increased 30% to \$159.8 million from \$122.7 million at December 31, 2016. Total deposits at December 31, 2017, were \$304.6 million compared to \$263.4 million at December 31, 2016, a 16% increase.

Credit quality remained strong with nonperforming assets totaling \$284,000 (0.08% of assets) at December 31, 2017 compared to \$83,000 (0.03% of assets) a year earlier.

“The vibrant economy in our markets was the foundation for Pinnacle Bank’s outstanding year in 2017. Our loans and deposits grew 13% and 16%, respectively over 2016 reflecting the success of our relationship banking approach in attracting and retaining clients. These client relationships helped drive our net interest income to a new high. Our experienced relationship managers and specialized lenders capitalized on the economy to originate a record amount of SBA 7(a) loans in 2017 that made us a top SBA lender in California and fueled the large increase in gains on the sale of SBA 7(a) loan guarantees. Our credit quality remained solid as loans grew and competition increased during the year,” stated Jeffrey Payne, President and CEO. “We appreciate the continued efforts and contributions of our outstanding 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, 2017, the Bank had a total capital ratio of 11.99%. Book value per share at December 31, 2017 was \$8.65. Net interest margin in the fourth quarter of 2017 was 4.59%.

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 December 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 December 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**

<i>(Unaudited, dollars in thousands)</i>	12/31/2017	9/30/2017	12/31/2016	Year over year change	
				\$	%
Total assets	\$ 342,471	\$ 345,217	\$ 295,558	\$ 46,913	16%
Gross loans	\$ 273,114	\$ 271,048	\$ 241,443	\$ 31,671	13%
Allowance for loan losses	\$ (3,815)	\$ (3,647)	\$ (3,186)	\$ (629)	20%
Non-interest bearing deposits	\$ 159,796	\$ 155,532	\$ 122,718	\$ 37,078	30%
Interest-bearing deposits	\$ 144,853	\$ 151,599	\$ 140,637	\$ 4,216	3%
Total deposits	\$ 304,649	\$ 307,131	\$ 263,355	\$ 41,294	16%
Shareholders' equity	\$ 34,235	\$ 33,673	\$ 28,222	\$ 6,013	21%

**Summary Income Statement**

<i>(Unaudited, dollars in thousands except per share data)</i>	Year ended		Change	
	12/31/2017	12/31/2016	\$	%
Interest income	\$ 13,988	\$ 10,699	\$ 3,289	30.7%
Interest expense	296	280	16	5.7%
Net interest income	13,692	10,419	3,273	31.4%
Provision for loan losses	537	(500)	1,037	-207.4%
Non-interest income	3,868	3,374	494	14.6%
Non-interest expense	11,111	10,125	986	9.7%
Income tax expense	2,955	1,707	1,248	73.1%
Net income (loss)	\$ 2,957	\$ 2,461	\$ 496	20.2%

Basic Earnings (loss) per share	\$0.75	\$0.71	\$0.04	5.7%
Diluted Earnings (loss) per share	\$0.73	\$0.68	\$0.05	7.4%
Book value per share	\$8.65	\$8.02	\$0.63	7.9%
Shares outstanding at period end	3,959,883	3,518,863	441,020	12.5%

<b>Capital Ratios</b>	12/31/2017	9/30/2017	12/31/2016	Minimum
				required to be well-capitalized
Tier 1 leverage ratio	9.50%	10.28%	9.03%	5.00%
Common Equity Tier 1 capital ratio	10.79%	10.62%	9.63%	6.50%
Tier 1 capital ratio	10.79%	10.62%	9.63%	8.00%
Total capital ratio	11.99%	11.78%	10.79%	10.00%

<b>Nonperforming assets</b>	12/31/2017	9/30/2017	12/31/2016
Nonperforming assets	\$ 284	\$ 156	\$ 83
Nonperforming assets to total assets	0.08%	0.05%	0.03%