

PINNACLE BANK

REACH HIGHER

January 22, 2007

Happy New Year! What a year 2006 has been. From the capital campaign to opening our Morgan Hill office to closing our first year it has been an exciting time for Pinnacle Bank. First and foremost, we would like to say thank you for your continued support. Without you, Pinnacle Bank would not be where it is today.

At the end of our first five and one-half months in business we have total deposits of \$22.8 million and total loan outstandings of \$20.3 million. With only one office open we are very proud of our progress. 2007 looks even better since we will be opening our Gilroy office before the end of the month.

It's with regret that we need to let you know that Henry Chow resigned as of the end of December 2006. Henry's efforts were very important in opening Pinnacle Bank and we wish him well in his future endeavors. We are actively looking for a new credit administrator.

On a much brighter note I am very pleased to announce that we have hired two gentlemen out of the Salinas market, Steve Wotherspoon and Stuart Thomas. Steve Wotherspoon is Senior Vice President, Real Estate Department Manager and he has over 27 years of real estate and construction lending experience. His experience covers the real estate spectrum from residential/subdivisions to retail centers and industrial projects. Steve was previously 1st Vice President/Manager of the Real Estate Department with Community/Rabobank. Steve will be moving down to the Gilroy office. Stuart Thomas is Senior Vice President, Senior Relationship Manager and he has 28 years of progressive banking experience. The last 19 years he was with Community/Rabobank as a team leader/commercial loan officer servicing primarily the Salinas market. Stuart has a wide variety of lending experience including commercial and industrial, agriculture and real estate.

Finally, our common stock is now listed on the electronic bulletin board under the ticker symbol of PBNK.OB. Our initial market maker is Wedbush Morgan Securities. You may contact Lisa Gallo at 866-491-7828 or Joey Warmenhoven at 800-569-2138 if you are interested in buying or selling your stock. We expect other market makers in the future and will keep you informed.

We are excited about the coming year for Pinnacle Bank. From the Gilroy grand opening celebration to the annual shareholder meeting, you will be hearing more from us in the weeks and months ahead.

On behalf of the directors and employees, have a safe, healthy and prosperous 2007.

Sincerely,



David J. Funkhouser
President & CEO