



FOR IMMEDIATE RELEASE  
PRESS RELEASE: July 27, 2023

**Pinnacle Bank Announces Earnings for Second Quarter of 2023**

Gilroy, CA – July 27, 2023 – OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the three months ended June 30, 2023 of \$2,870,000, an increase of 79% compared to net income of \$1,606,000 for the same period in 2022.

As of June 30, 2023, total assets were \$800.0 million, a 2% increase from the \$787.9 million at June 30, 2022.

Gross loans were \$539.9 million at June 30, 2023, a new record and an increase of \$71.0 million (15%) from the June 30, 2022 balance of \$468.9 million. The allowance for credit losses at June 30, 2023 was \$5.790 million or 1.08% of net loans compared to \$6.215 million or 1.34% of net loans at June 30, 2022. There were no nonperforming assets at June 30, 2023.

Total deposits at June 30, 2023 were \$705.6 million compared to \$708.8 million at June 30, 2022 and a 4% increase from \$676.3 million at March 31, 2023.

“Our focus on providing high level relationship-based banking services remains key to our success. This quarter we achieved new records in loans and net income, and experienced deposit growth,” stated Jeffrey Payne, President and CEO. “We are honored to contribute to the success of our communities by providing premier business banking from Salinas Valley to Silicon Valley. We appreciate the ongoing efforts of our outstanding team of professional bankers, committed directors and advisors and our many loyal clients that contribute to our ongoing success and valued relationships.”

The Bank’s capital position remains above regulatory guidelines for well capitalized banks. At June 30, 2023, the Bank had a total capital ratio of 14.05%. Book value per share at June 30, 2023 was \$14.15.

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. DepositAccounts.com awarded Pinnacle Bank an A health rating. The Findley Reports named Pinnacle Bank a 2023 Super Premier performing bank.

For more information, please go to [www.pinnacle.bank](http://www.pinnacle.bank) click on Investor Relations and June 2023 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, Salinas and Campbell. For more information, please go to [www.pinnacle.bank](http://www.pinnacle.bank) click on Investor Relations and June 2023 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)*

	6/30/2023	3/31/2023	6/30/2022	Year over year change	
				\$	%
Total assets	\$ 800,042	\$ 766,638	\$ 787,852	\$ 12,190	2%
Gross loans	\$ 539,936	\$ 528,159	\$ 468,902	\$ 71,034	15%
Allowance for loan losses	\$ (5,790)	\$ (5,732)	\$ (6,215)	\$ 425	-7%
Non-interest bearing deposits	\$ 263,324	\$ 275,224	\$ 340,924	\$ (77,600)	-23%
Interest-bearing deposits	\$ 442,288	\$ 401,071	\$ 367,858	\$ 74,430	20%
Total deposits	\$ 705,612	\$ 676,295	\$ 708,782	\$ (3,170)	0%
Shareholders' equity	\$ 79,820	\$ 77,076	\$ 68,099	\$ 11,722	17%

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

	Quarter ended	Quarter ended	Change	Quarter ended	Change
	6/30/2023	3/31/2023	%	6/30/2022	%
Interest income	\$ 11,235	\$ 10,602	6%	\$ 7,242	55%
Interest expense	2,161	1,604	35%	227	852%
Net interest income	9,074	8,998	1%	7,015	29%
Provision for loan losses	50	136	-63%	0	0%
Non-interest income	1,061	1,161	-9%	531	100%
Non-interest expense	6,026	6,277	-4%	5,272	14%
Income tax expense	1,189	1,023	16%	668	78%
Net income (loss)	\$ 2,870	\$ 2,723	5%	\$ 1,606	79%
Basic Earnings per share	\$ 0.51	\$ 0.49	4%	\$ 0.30	70%
Diluted Earnings per share	\$ 0.50	\$ 0.48	4%	\$ 0.30	72%
Book value per share	\$ 14.15	\$ 13.67	4%	\$ 12.54	13%
Shares outstanding at period end	5,639,396	5,637,148	0%	5,432,491	4%

**Capital Ratios**

	6/30/2023	3/31/2023	6/30/2022	Minimum required to be well-capitalized
Tier 1 leverage ratio	10.63%	10.23%	8.90%	5.00%
Common Equity Tier 1 capital ratio	13.12%	12.97%	12.09%	6.50%
Tier 1 capital ratio	13.12%	12.97%	12.09%	8.00%
Total capital ratio	14.05%	13.91%	13.18%	10.00%