



FOR IMMEDIATE RELEASE
PRESS RELEASE: October 27, 2022

Pinnacle Bank Announces Earnings for Third Quarter of 2022

Gilroy, CA – October 27, 2022 – OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the quarter ended September 30, 2022 of \$2,494,000, an increase of 55% compared to net income of \$1,606,000 for the quarter ended June 30, 2022, and a 15% increase compared to net income of \$2,170,000 in the quarter ended September 30, 2021.

As of September 30, 2022, total assets were \$781.2 million, an 8% increase from the \$722.0 million at September 30, 2021.

Gross loans were \$486.1 million at September 30, 2022, an increase of \$41.2 million from the September 30, 2021 balance of \$444.9 million. Gross Paycheck Protection Program (PPP) loans at September 30, 2022 were \$0.4 million compared to \$36.3 million a year earlier. Excluding PPP loans, gross loans increased \$77.1 million or 19%. The allowance for loan losses at September 30, 2022 was \$6.2 million or 1.30% of loans.

Total deposits at September 30, 2022, increased to \$700.0 million from \$647.1 million at September 30, 2021, an 8% increase.

Changes in the market conditions for government guaranteed loans, such as SBA 7a loans, have led to lower levels of noninterest income in 2022. Third quarter 2022 noninterest income was \$807,000 and included gains on the sale of loans of \$512,000 compared to the third quarter of 2021 noninterest income of \$1,963,000 and gains on sale of \$1,631,000. The decline in gains on sale of loans reflects lower levels of government guaranteed loan originations as demand was impacted by the return of the traditional SBA 7a program fees and increases in the prime rate. Gains on sale of loans for the third quarter of 2021 reflected higher loan origination volumes and higher prices paid by government guaranteed loan investors based on the temporary reduction in fees in the SBA 7a loan program that ended September 30, 2021.

“Loan growth continued in the third quarter as we again recorded double-digit growth in loans excluding PPP. Despite global business and economic challenges, our local markets remain strong.” stated Jeffrey Payne, President and CEO. “New clients continue to seek the premier business banking experience provided by our quality bankers. We are honored to contribute to the success of our communities 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 continued momentum.”

The Bank’s capital position remains above regulatory guidelines for well capitalized banks. At September 30, 2022, the Bank had a total capital ratio of 13.28%. Book value per share at September 30, 2022 was \$12.76.

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+ rating with a ranking of 80 out of 5,035 U.S. banks analyzed. The Findley Reports named Pinnacle Bank a 2022 Super Premier performing bank.

For more information, please go to www.pinnacle.bank click on Investor Relations and September 2022 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 click on Investor Relations and September 2022 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)*

	9/30/2022	6/30/2022	9/30/2021	Year over year change	
				\$	%
Total assets	\$ 781,242	\$ 787,852	\$ 721,956	\$ 59,286	8%
Gross loans	\$ 486,137	\$ 468,902	\$ 444,868	\$ 41,269	9%
Allowance for loan losses	\$ (6,227)	\$ (6,215)	\$ (6,178)	\$ (49)	1%
Non-interest bearing deposits	\$ 341,658	\$ 340,924	\$ 301,305	\$ 40,353	13%
Interest-bearing deposits	\$ 358,276	\$ 367,858	\$ 345,755	\$ 12,521	4%
Total deposits	\$ 699,933	\$ 708,782	\$ 647,060	\$ 52,873	8%
Shareholders' equity	\$ 69,698	\$ 68,099	\$ 64,284	\$ 5,414	8%

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

	Quarter ended		Change	Quarter ended	
	9/30/2022	6/30/2022		9/30/2021	Change
			%		%
Interest income	\$ 8,756	\$ 7,242	21%	\$ 6,197	41%
Interest expense	558	227	146%	242	131%
Net interest income	8,198	7,015	17%	5,955	38%
Provision for loan losses	0	0	0%	0	0%
Non-interest income	807	531	52%	1,963	-59%
Non-interest expense	5,471	5,272	4%	4,829	13%
Income tax expense	1,040	668	56%	919	13%
Net income (loss)	\$ 2,494	\$ 1,606	55%	\$ 2,170	15%
Basic earnings per share	\$ 0.46	\$ 0.30	54%	\$0.41	12%
Diluted earnings per share	\$0.45	\$0.29	55%	\$0.39	15%
Book value per share	\$ 12.76	\$ 12.54	2%	\$ 12.01	6%
Shares outstanding at period end	5,463,066	5,432,491	1%	5,350,489	2%
Return on average assets	1.25%	0.82%		1.22%	
Return on average equity	14.82%	9.54%		13.63%	

Capital Ratios

	9/30/2022	6/30/2022	9/30/2021	Minimum required to be well-capitalized
Tier 1 leverage ratio	9.07%	8.90%	9.04%	5.00%
Common equity tier 1 capital ratio	12.22%	12.09%	13.50%	6.50%
Tier 1 capital ratio	12.22%	12.09%	13.50%	8.00%
Total capital ratio	13.28%	13.18%	14.75%	10.00%