



FOR IMMEDIATE RELEASE
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Pinnacle Bank Announces Record Earnings for 2021

Gilroy, CA – January 27, 2022 – OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today record unaudited net income for the year ended December 31, 2021 of \$7,750,000, an increase of 97% over the 2020 net income of \$3,941,000. Unaudited net income for the fourth quarter of 2021 was \$2,011,000 compared to \$2,170,000 in the third quarter of 2021 and \$1,411,000 in the fourth quarter of 2020.

As of December 31, 2021, total assets were \$737.8 million, a 20% increase from the \$616.8 million at December 31, 2020.

Gross loans were \$434.5 million at December 31, 2021, a decrease of \$52.5 million (-11%) from the December 31, 2020 balance of \$487.0 million. Gross Paycheck Protection Program (PPP) loans at December 31, 2021 were \$21.0 million compared to \$110.2 million a year earlier. Excluding PPP loans, gross loans increased \$36.7 million or 10%. The allowance for loan losses at December 31, 2021 was \$6.194 million or 1.45% of loans (1.52% of net loans excluding the PPP loans) compared to \$6.101 million or 1.27% of loans at December 31, 2020 (1.65% excluding PPP loans).

Total deposits at December 31, 2021, increased to \$659.7 million from \$544.2 million at December 31, 2020, a 21% increase.

Noninterest income included gains on the sale of loans, primarily SBA 7a loans, of \$5.4 million in 2021 compared to \$1.97 million in 2020. This reflects continued success in executing on the Bank's core strategy as a well-established PLP lender to utilize the SBA 7a program to fulfill our clients' borrowing needs and provide an additional source of noninterest income.

"We reached record earnings, deposits and total assets in 2021. The growth in core loans and deposits reflects the success of our approach to relationship banking and participation in government guaranteed lending," 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 continued momentum."

The Bank's capital position remains above regulatory guidelines for well capitalized banks. At December 31, 2021, the Bank had a total capital ratio of 14.65%. Book value per share at December 31, 2021 was \$12.41.

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 2020 Super Premier performing bank.

For more information please go to www.pinnacle.bank click on Investor Relations and December 2021 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 December 2021 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)*

	12/31/2021	9/30/2021	12/31/2020	Year over year change	
				\$	%
Total assets	\$ 737,833	\$ 721,956	\$ 616,847	\$ 120,986	20%
Gross loans	\$ 434,498	\$ 444,868	\$ 487,035	\$ (52,537)	-11%
Allowance for loan losses	\$ (6,194)	\$ (6,178)	\$ (6,101)	\$ (93)	2%
Non-interest bearing deposits	\$ 332,445	\$ 301,305	\$ 244,749	\$ 87,696	36%
Interest-bearing deposits	\$ 327,230	\$ 345,755	\$ 299,424	\$ 27,806	9%
Total deposits	\$ 659,675	\$ 647,060	\$ 544,173	\$ 115,502	21%
Shareholders' equity	\$ 66,407	\$ 64,284	\$ 58,225	\$ 8,182	14%

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

	Year ended		Change	
	12/31/2021	12/31/2020	\$	%
Interest income	\$ 24,125	\$ 22,181	\$ 1,944	8.8%
Interest expense	1,046	1,893	(847)	-44.7%
Net interest income	23,079	20,288	2,791	13.8%
Provision for loan losses	-	2,070	(2,070)	-100.0%
Non-interest income	7,085	3,727	3,358	90.1%
Non-interest expense	19,240	16,201	3,039	18.8%
Income tax expense	3,174	1,803	1,371	76.0%
Net income (loss)	\$ 7,750	\$ 3,941	\$ 3,809	96.7%
Basic Earnings (loss) per share	\$1.45	\$0.75	\$0.70	93.1%
Diluted Earnings (loss) per share	\$1.42	\$0.74	\$0.68	91.7%
Book value per share	\$ 12.41	\$ 11.01	\$1.40	12.7%
Shares outstanding at period end	5,352,349	5,288,310	64,039	1.2%

Capital Ratios

	12/31/2021	9/30/2021	12/31/2020	Minimum required to be well-capitalized
Tier 1 leverage ratio	9.09%	9.04%	9.13%	5.00%
Common Equity Tier 1 capital ratio	13.40%	13.50%	13.69%	6.50%
Tier 1 capital ratio	13.40%	13.50%	13.69%	8.00%
Total capital ratio	14.65%	14.75%	14.95%	10.00%