



FOR IMMEDIATE RELEASE
PRESS RELEASE: July 28, 2022

Pinnacle Bank Announces Earnings for Second Quarter of 2022

Gilroy, CA – July 28, 2022 – OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the quarter ended June 30, 2022 of \$1,606,000, an increase of 29% compared to net income of \$1,246,000 for the quarter ended March 31, 2022, and a 33% decline compared to net income of \$2,399,000 in the quarter ended June 30, 2021.

As of June 30, 2022, total assets were \$787.9 million, a 13% increase from the \$696.0 million at June 30, 2021.

Gross loans were \$468.9 million at June 30, 2022, an increase of \$1.6 million from the June 30, 2021 balance of \$467.3 million. Gross Paycheck Protection Program (PPP) loans at June 30, 2022 were \$0.4 million compared to \$71.8 million a year earlier. Excluding PPP loans, gross loans increased \$73.0 million or 18%. The allowance for loan losses at June 30, 2022 was \$6.2 million or 1.34% of loans.

Total deposits at June 30, 2022, increased to \$708.8 million from \$622.9 million at June 30, 2021, a 14% increase.

Changes in market conditions for government guaranteed loans, such as SBA 7a loans, have led to lower levels of noninterest income. The second quarter of 2022 noninterest income was \$531,000 compared to first quarter noninterest income of \$1,048,000, with the decline reflecting 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. Noninterest income for the second quarter of 2021 of \$2,469,000 included record gains on the sale of loans, reflecting 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.

“Our markets are growing and adapting to changes in the economy. We again recorded double-digit growth in deposits and loans excluding PPP. This growth in core loans and deposits is the result of our approach to relationship banking,” 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 June 30, 2022, the Bank had a total capital ratio of 13.18%. Book value per share at June 30, 2022 was \$12.54.

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 June 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 June 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)*

	6/30/2022	3/31/2022	6/30/2021	Year over year change	
				\$	%
Total assets	\$ 787,852	\$ 778,795	\$ 695,979	\$ 91,873	13%
Gross loans	\$ 468,902	\$ 442,627	\$ 467,330	\$ 1,572	0%
Allowance for loan losses	\$ (6,215)	\$ (6,209)	\$ (6,164)	\$ (51)	1%
Non-interest bearing deposits	\$ 340,924	\$ 347,328	\$ 309,482	\$ 31,442	10%
Interest-bearing deposits	\$ 367,858	\$ 353,670	\$ 313,415	\$ 54,443	17%
Total deposits	\$ 708,782	\$ 700,998	\$ 622,897	\$ 85,885	14%
Shareholders' equity	\$ 68,099	\$ 66,969	\$ 61,976	\$ 6,123	10%

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

	Quarter ended	Quarter ended	Change	Quarter ended	Change
	6/30/2022	3/31/2022	%	6/30/2021	%
Interest income	\$ 7,242	\$ 6,095	19%	\$ 6,248	16%
Interest expense	227	219	4%	248	-8%
Net interest income	7,015	5,876	19%	6,000	17%
Provision for loan losses	0	0	0%	0	0%
Non-interest income	531	1,048	-49%	2,469	-78%
Non-interest expense	5,272	5,202	1%	5,055	4%
Income tax expense	668	476	40%	1,015	-34%
Net income (loss)	\$ 1,606	\$ 1,246	29%	\$ 2,399	-33%
Basic Earnings per share	\$ 0.30	\$ 0.23	30%	\$0.45	-33%
Diluted Earnings per share	\$ 0.29	\$ 0.23	26%	\$0.43	-33%
Book value per share	\$ 12.54	\$ 12.37	1%	\$ 11.60	8%
Shares outstanding at period end	5,432,491	5,415,761	0%	5,344,660	2%

Capital Ratios	6/30/2022	3/31/2022	6/30/2021	Minimum
				required to be well-capitalized
Tier 1 leverage ratio	8.90%	8.99%	9.03%	5.00%
Common Equity Tier 1 capital ratio	12.09%	12.78%	13.69%	6.50%
Tier 1 capital ratio	12.09%	12.78%	13.69%	8.00%
Total capital ratio	13.18%	13.96%	14.94%	10.00%