



FOR IMMEDIATE RELEASE

PRESS RELEASE: October 26, 2023

Pinnacle Bank Announces Earnings for Third Quarter of 2023

Gilroy, CA – October 26, 2023 – OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the three months ended September 30, 2023 of \$2,926,000, an increase of 17% compared to net income of \$2,494,000 for the same period in 2022.

As of September 30, 2023, total assets were \$843.5 million, an 8% increase from the \$781.2 million at September 30, 2022.

Gross loans were \$538.4 million at September 30, 2023, an increase of \$52.3 million (11%) from the September 30, 2022 balance of \$486.1 million. The allowance for credit losses at September 30, 2023 was \$5.799 million or 1.09% of net loans compared to \$6.227 million or 1.30% of net loans at September 30, 2022. There were no nonperforming assets at September 30, 2023.

Total deposits at September 30, 2023 were a record \$746.6 million, an increase of \$46.7 million (7%) compared to \$699.9 million at September 30, 2022.

"This quarter we achieved record deposits. Additionally, our credit quality remains strong with no nonperforming assets at September 30, 2023," stated Jeffrey Payne, President and CEO. "Our approach to relationship banking is the key to these results. 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 September 30, 2023, the Bank had a total capital ratio of 14.34%. Book value per share at September 30, 2023 was \$14.68.

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 click on Investor Relations and September 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 click on Investor Relations and September 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)*

	9/30/2023	6/30/2023	9/30/2022	Year over year change	
				\$	%
Total assets	\$ 843,532	\$ 800,042	\$ 781,242	\$ 62,290	8%
Gross loans	\$ 538,413	\$ 539,936	\$ 486,137	\$ 52,276	11%
Allowance for loan losses	\$ (5,799)	\$ (5,790)	\$ (6,227)	\$ 428	-7%
Non-interest bearing deposits	\$ 272,652	\$ 263,324	\$ 341,658	\$ (69,006)	-20%
Interest-bearing deposits	\$ 473,946	\$ 442,288	\$ 358,276	\$ 115,670	32%
Total deposits	\$ 746,599	\$ 705,612	\$ 699,934	\$ 46,665	7%
Shareholders' equity	\$ 82,804	\$ 79,820	\$ 69,698	\$ 13,106	19%

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

	Quarter ended	Quarter ended	Change	Quarter ended	Change
	9/30/2023	6/30/2023	%	9/30/2022	%
Interest income	\$ 12,366	\$ 11,235	10%	\$ 8,756	41%
Interest expense	2,760	2,161	28%	558	395%
Net interest income	9,606	9,074	6%	8,198	17%
Provision for loan losses	0	50	-100%	0	0%
Non-interest income	640	1,061	-40%	807	-21%
Non-interest expense	6,097	6,026	1%	5,471	11%
Income tax expense	1,223	1,189	3%	1,040	18%
Net income (loss)	\$ 2,926	\$ 2,870	2%	\$ 2,494	17%
Basic Earnings per share	\$ 0.52	\$ 0.51	2%	\$ 0.46	13%
Diluted Earnings per share	\$ 0.51	\$ 0.50	2%	\$ 0.45	13%
Book value per share	\$ 14.68	\$ 14.15	4%	\$ 12.76	15%
Shares outstanding at period end	5,641,771	5,639,396	0%	5,463,066	3%

Capital Ratios	9/30/2023	6/30/2023	9/30/2022	Minimum
				required to be well-capitalized
Tier 1 leverage ratio	10.35%	10.63%	9.07%	5.00%
Common Equity Tier 1 capital ratio	13.42%	13.12%	12.22%	6.50%
Tier 1 capital ratio	13.42%	13.12%	12.22%	8.00%
Total capital ratio	14.34%	14.05%	13.28%	10.00%