



FOR IMMEDIATE RELEASE
PRESS RELEASE: January 25, 2024

Pinnacle Bank Announces Record Earnings for 2023

Gilroy, CA – January 25, 2024 – OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today record unaudited net income for the year ended December 31, 2023 of \$11,771,000, an increase of 39% over the 2022 net income of \$8,453,000. Unaudited net income for the fourth quarter of 2023 was \$3,251,000 compared to \$2,926,000 in the third quarter of 2023 and \$3,107,000 in the fourth quarter of 2022.

As of December 31, 2023, total assets were \$817.4 million, an 8% increase from the \$755.7 million at December 31, 2022.

Gross loans were \$564.4 million at December 31, 2023, an increase of \$54.4 million (11%) from the December 31, 2022 balance of \$510.1 million. The allowance for loan losses at December 31, 2023 was \$5.952 million or 1.06% of net loans compared to \$5.085 million or 1.01% of net loans at December 31, 2022. There were no nonperforming assets at December 31, 2023 and September 30, 2023 and \$1,167,000 at December 31, 2022.

Total deposits at December 31, 2023, increased to \$714.7 million from \$669.4 million at December 31, 2022, a 7% increase.

"We reached record earnings, loans and total assets in 2023. The challenges the banking industry faced during 2023 were significant and these results continue to reflect the importance of our approach to building strong relationships," 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, 2023, the Bank had a total capital ratio of 14.64%. Book value per share at December 31, 2023 was \$15.37.

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. 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 December 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 December 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)*

	12/31/2023	9/30/2023	12/31/2022	Year over year change	
				\$	%
Total assets	\$ 817,420	\$ 843,531	\$ 755,653	\$ 61,767	8%
Gross loans	\$ 564,454	\$ 538,413	\$ 510,100	\$ 54,354	11%
Allowance for loan losses	\$ (5,952)	\$ (5,799)	\$ (5,085)	\$ (867)	17%
Non-interest bearing deposits	\$ 262,757	\$ 272,652	\$ 330,109	\$ (67,352)	-20%
Interest-bearing deposits	\$ 451,961	\$ 473,946	\$ 339,279	\$ 112,681	33%
Total deposits	\$ 714,718	\$ 746,599	\$ 669,388	\$ 45,329	7%
Shareholders' equity	\$ 87,926	\$ 82,804	\$ 73,687	\$ 14,239	19%

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

	Year ended	Year ended	Change	Change
	12/31/2023	12/31/2022	\$	%
Interest income	\$ 46,681	\$ 31,917	\$ 14,764	46.3%
Interest expense	9,543	2,017	7,526	373.1%
Net interest income	37,138	29,900	7,238	24.2%
Provision for loan losses	330	(1,150)	1,480	-128.7%
Non-interest income	4,137	2,901	1,236	42.6%
Non-interest expense	24,399	22,016	2,383	10.8%
Income tax expense	4,775	3,482	1,293	37.1%
Net income (loss)	\$ 11,771	\$ 8,453	\$ 3,319	39.3%
Basic Earnings (loss) per share	\$2.09	\$1.55	\$0.54	34.8%
Diluted Earnings (loss) per share	\$2.07	\$1.52	\$0.55	36.2%
Book value per share	\$ 15.37	\$ 13.36	\$2.01	15.0%
Shares outstanding at period end	5,721,976	5,517,373	204,603	3.7%

Capital Ratios

	12/31/2023	9/30/2023	12/31/2022	Minimum required to be well-capitalized
Tier 1 leverage ratio	10.72%	10.35%	9.89%	5.00%
Common Equity Tier 1 capital ratio	13.72%	13.42%	12.53%	6.50%
Tier 1 capital ratio	13.72%	13.42%	12.53%	8.00%
Total capital ratio	14.64%	14.34%	13.37%	10.00%