



FOR IMMEDIATE RELEASE
PRESS RELEASE: October 28, 2021

Pinnacle Bank Announces Q3 2021 Results

Gilroy, CA – October 28, 2021 – OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the three months ended September 30, 2021 of \$2,170,000 compared to \$1,348,000 in the same period in 2020.

As of September 30, 2021, total assets were \$722.0 million, a 16% increase from the \$624.9 million at September 30, 2020.

Gross loans were \$444.9 million at September 30, 2021, a decrease of \$57.3 million (-11%) from the September 30, 2020 balance of \$502.1 million. Excluding PPP loans, gross loans increased \$32.1 million or 9%. Gross Paycheck Protection Program (PPP) loans at September 30, 2021 were \$36.3 million compared to \$125.6mm a year earlier. The allowance for loan losses at September 30, 2021 was \$6.178 million or 1.34% of loans (1.45% of net loans excluding the PPP loans) compared to \$5.885 million or 1.24% of loans at September 30, 2020 (1.67% excluding PPP loans).

Total deposits at September 30, 2021, increased to \$647.1 million from \$548.8 million at September 30, 2020, an 18% increase.

Gains on the sale of government guaranteed loans were \$1.6mm in the third quarter of 2021 compared to \$927,000 in the same period in 2020. The increase reflects borrower demand for financing using the enhancements to the SBA 7a program available through September 2021 and the prices paid by buyers of the guarantees.

"Economic activity in our communities remains encouraging. Our strong third quarter earnings and excellent growth in core loans and deposits reflects the success of our approach to combine relationship banking with 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. Our continued success and momentum is due to the ongoing efforts and contributions of our outstanding team of professional bankers, committed directors and advisors and our many loyal clients."

As of September 30, 2021, there was one loan for \$683,000 performing in agreement with a COVID loan modification. COVID loan modifications are generally for interest only periods.

The Bank's capital position remains above regulatory guidelines for well capitalized banks. At September 30, 2021, the Bank had a total capital ratio of 14.75%. Book value per share at September 30, 2021 was \$12.01.

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 September 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 September 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)*

	9/30/2021	6/30/2021	9/30/2020	Year over year change	
				\$	%
Total assets	\$ 721,956	\$ 695,979	\$ 624,877	\$ 97,079	16%
Gross loans	\$ 444,868	\$ 467,330	\$ 502,122	\$ (57,254)	-11%
Allowance for loan losses	\$ (6,178)	\$ (6,164)	\$ (5,885)	\$ (293)	5%
Non-interest bearing deposits	\$ 301,305	\$ 309,482	\$ 244,858	\$ 56,447	23%
Interest-bearing deposits	\$ 345,755	\$ 313,415	\$ 303,961	\$ 41,794	14%
Total deposits	\$ 647,060	\$ 622,897	\$ 548,819	\$ 98,241	18%
Shareholders' equity	\$ 64,284	\$ 61,976	\$ 56,681	\$ 7,603	13%

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

	Quarter ended	Quarter ended	Change	Quarter ended	Change
	9/30/2021	6/30/2021	%	9/30/2020	%
Interest income	\$ 6,197	\$ 6,248	-1%	\$ 5,576	11%
Interest expense	242	248	-2%	486	-50%
Net interest income	5,955	6,000	-1%	5,090	17%
Provision for loan losses	0	0	0%	450	-100%
Non-interest income	1,963	2,469	-20%	1,370	43%
Non-interest expense	4,829	5,055	-4%	4,074	19%
Income tax expense	919	1,015	-9%	588	56%
Net income (loss)	\$ 2,170	\$ 2,399	-10%	\$ 1,348	61%
Basic Earnings per share	\$ 0.41	\$ 0.45	-9%	\$ 0.26	58%
Diluted Earnings per share	\$ 0.39	\$ 0.43	-9%	\$ 0.25	56%
Book value per share	\$ 12.01	\$ 11.60	4%	\$ 10.81	11%
Shares outstanding at period end	5,350,489	5,344,660	0%	5,242,743	2%
Return on average assets	1.22%	1.40%		0.86%	
Return on average equity	13.63%	15.71%		9.55%	

Capital Ratios	9/30/2021	6/30/2021	9/30/2020	Minimum
				required to be well-capitalized
Tier 1 leverage ratio	9.04%	9.03%	8.99%	5.00%
Common Equity Tier 1 capital ratio	13.50%	13.69%	13.50%	6.50%
Tier 1 capital ratio	13.50%	13.69%	13.50%	8.00%
Total capital ratio	14.75%	14.94%	14.76%	10.00%