



FOR IMMEDIATE RELEASE
PRESS RELEASE: November 21, 2024

RESTATING

Pinnacle Bank Announces Earnings for Third Quarter of 2024

Gilroy, CA – November 21, 2024– OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced changes to its press release issued on Tuesday, October 29, 2024, as a result of restating its financials for the quarter ended September 30, 2024. The restated release follows.

Pinnacle Bank announced today unaudited net income for the three months ended September 30, 2024 of \$244,000, compared to net income of \$2,728,000 for the same period in 2023.

One commercial and industrial loan totaling \$2.4 million originally moved to nonaccrual was subsequently charged off as of September 30, 2024 when it was determined that management could no longer rely on information previously used in assessing the collectability of the loan at quarter end. The charge-off and the allowance for credit losses on nonaccrual loans resulted in an increase in the provision for credit losses for the three months ended September 30, 2024, that had a significant negative impact on net income.

As of September 30, 2024, total assets were \$891.4 million, a 6% increase from the \$843.5 million at September 30, 2023.

Gross loans were \$614.6 million at September 30, 2024, a new record and an increase of \$76.2 million (14%) from the September 30, 2023 balance of \$538.4 million. The allowance for credit losses at September 30, 2024 was \$7.335 million or 1.20% of net loans compared to \$5.799 million or 1.09% of net loans at September 30, 2023. Nonaccrual loans at September 30, 2024 consisted of \$8.4 million of commercial real estate loans. There were no nonaccrual loans at September 30, 2023.

Total deposits at September 30, 2024 were \$780.9 million, a 5% increase from \$746.6 million at September 30, 2023.

“We saw continued loan and deposit growth in the third quarter. These achievements highlight the success of our approach to relationship banking and our high level of personalized service,” 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 valued relationships.”

The Bank’s capital position remains above regulatory guidelines for well capitalized banks. At September 30, 2024, the Bank had a total capital ratio of 15.35%. Book value per share at September 30, 2024 was \$16.32.

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 2024 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 2024 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, expected future cash flows on loans and securities, 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)*

	9/30/2024 Revised	6/30/2024	9/30/2023	Year over year change	
				\$	%
Total assets	\$ 891,406	\$ 849,535	\$ 843,531	\$ 47,875	6%
Gross loans	\$ 614,609	\$ 597,562	\$ 538,413	\$ 76,196	14%
Allowance for loan losses	\$ (7,335)	\$ (6,319)	\$ (5,799)	\$ (1,536)	26%
Non-interest bearing deposits	\$ 263,771	\$ 252,445	\$ 272,652	\$ (8,881)	-3%
Interest-bearing deposits	\$ 517,108	\$ 488,502	\$ 473,947	\$ 43,161	9%
Total deposits	\$ 780,878	\$ 740,947	\$ 746,599	\$ 34,279	5%
Shareholders' equity	\$ 95,580	\$ 94,278	\$ 82,804	\$ 12,776	15%

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

	Quarter ended	Quarter ended	Change	Quarter ended	Change
	9/30/2024	6/30/2024		9/30/2023	
	Restated		%		%
Interest income	\$ 13,130	\$ 12,835	2%	\$ 12,366	6%
Interest expense	3,633	3,401	7%	2,760	32%
Net interest income	9,497	9,434	1%	9,606	-1%
Provision for loan losses	3,427	80	4184%	0	0%
Non-interest income	415	764	-46%	640	-35%
Non-interest expense	6,162	6,250	-1%	6,097	1%
Income tax expense	79	1,140	-93%	1,223	-94%
Net income (loss)	\$ 244	\$ 2,728	-91%	\$ 2,926	-92%
Basic Earnings per share	\$ 0.04	\$ 0.47	-92%	\$ 0.52	-92%
Diluted Earnings per share	\$ 0.04	\$ 0.46	-91%	\$ 0.51	-92%
Book value per share	\$ 16.32	\$ 16.14	1%	\$ 14.68	11%
Shares outstanding at period end	5,856,959	5,839,701	0%	5,641,771	4%

Capital Ratios	9/30/2024	6/30/2024	9/30/2023	Minimum required to be well-capitalized
	Revised			
Tier 1 leverage ratio	11.11%	11.47%	10.35%	5.00%
Common Equity Tier 1 capital ratio	14.26%	14.16%	13.42%	6.50%
Tier 1 capital ratio	14.26%	14.16%	13.42%	8.00%
Total capital ratio	15.35%	15.10%	14.34%	10.00%