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**PINNACLE BANCSHARES ANNOUNCES RESULTS FOR
YEAR ENDED AND FOURTH QUARTER DECEMBER 31, 2023**

Jasper, Alabama (January 30, 2024) – Robert B. Nolen, Jr., President and Chief Executive Officer of Pinnacle Bancshares, Inc. (OTCBB: PCLB), today announced Pinnacle’s results of operations for the fourth quarter and year ended December 31, 2023:

- For the three months ended December 31, 2023, Pinnacle’s basic/diluted earnings per share was \$1.08 as compared to \$1.12 per share for the three months ended December 31, 2022. Net income for the three months ended December 31, 2023 was \$981,000 as compared to \$1,016,000 for the three months ended December 31, 2022.
- For the year ended December 31, 2023, Pinnacle’s basic/diluted earnings per share was \$4.93 as compared to \$4.79 per share for the year ended December 31, 2022. Pinnacle reported net income of \$4,480,000 for the year ended December 31, 2023 as compared to \$4,504,000, for the year ended December 31, 2022.
- For the three and nine months ended December 31, 2023, return on average assets was 1.18%, and 1.34%, respectively, compared to 1.29% and 1.35%, respectively, in the comparable 2022 period.

Company’s net interest margin was 3.18% and 3.32%, respectively for the three months and year ended December 31, 2023, respectively, compared to 3.48% and 3.35% for both the three months and year ended December 31, 2022, respectively. The Company anticipates that interest expense relating to its funding will continue to increase during 2024 as a result of several factors such as increased deposit exception pricing and increased deposit migration to higher yielding deposit products.

Mr. Nolen commented, “In response to concerns about liquidity and capital strength related to bank failures that occurred earlier in the year, we remain confident in our risk status. Our primary focus is, and will continue to be, the Bank’s safety and soundness, and the protection of our depositors.”

At December 31, 2023, Pinnacle’s allowance for loan losses as a percent of total loans was 1.96%, compared to 2.16% at December 31, 2022. Net charge-offs were \$102,000 during 2023 as well as for 2022. There were no nonperforming assets at December 31, 2023 as well as December 31, 2022. Effective January 1, 2023, the Company adopted the current expected credit loss (CECL) model to account for credit losses on financial instruments, including loans. The adoption of the CECL model did not have an impact on the Company’s loan loss reserve.

Pinnacle was classified as “well capitalized” at the end of 2023. All capital ratios are higher than the requirements for a well-capitalized institution. As of December 31, 2023, the Bank’s common equity Tier 1 capital and Tier 1 risk-based capital ratios were each 18.12%. As of December 31, 2023, its total capital ratio was 19.29%, and its Tier 1 leverage ratio was 11.56%.

Dividends of \$.27 and \$1.08 per share were paid to shareholders during the three months and year ended for December 31, 2023, as compared to \$.25 and \$1.00 per share during the three months and year ended December 31, 2022.

Management believes that the Company has sufficient liquidity through its low loan to deposit ratio at December 31, 2023, as well as available funding from outside sources. Our net funding availability, as a percentage of our franchise funding, is 101.50% as compared to our established minimal limit of 25%. In addition, the Bank provides access to additional FDIC insurance coverage for accounts that would otherwise exceed deposit insurance coverage.

The Company's total deposits at December 31, 2023 decreased \$10.9 million, or 3.4%, as compared to December 31, 2022. As mentioned previously, pricing of deposits is anticipated to remain competitive during 2024 and thus deposits could continue to decrease as they did during 2023.

Effects of Inflation

Inflation has caused a substantial rise in interest rates during 2023 and 2022 which has had a negative effect in the securities market. As a result of rising interest rates, the Company has recorded an accumulated other comprehensive loss on securities available for sale of approximately \$26.3 million and \$29.9 million as of December 31, 2023 and 2022, respectively. Thus, while the accumulated other comprehensive loss on securities available for sale have had a negative effect on total equity during 2023 and 2022, net earnings has continued to be strong. Although these unrealized losses recorded as of December 31, 2023 were significant, management does not anticipate these losses to be other than temporary as these unrealized losses do not currently appear related to any credit deterioration within the portfolio but from higher interest rates.

Forward-Looking Statements

Information contained in this press release, other than historical information, may be considered forward-looking in nature and is subject to various risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected. Pinnacle undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in Pinnacle's expectations. Certain tabular presentations may not reconcile because of rounding.

Pinnacle Bancshares, Inc.'s wholly owned subsidiary Pinnacle Bank has seven offices located in central and northwest Alabama.

PINNACLE BANCSHARES, INC.
Unaudited Financial Highlights
(In Thousands, except share and per share data)

	Three Months Ended December 31,	
	2023	2022
Net income	\$ 981,000	\$ 1,016,000
Basic and diluted earnings per share	\$ 1.08	\$ 1.12
Performance ratios (annualized):		
Return on average assets	1.18%	1.29%
Return on average equity	10.07%	11.45%
Interest rate spread	2.70%	3.35%
Net interest margin	3.18%	3.48%
Operating cost to assets	2.40%	2.57%
Weighted average basic and diluted shares outstanding	909,534	909,534
Dividends per share	\$ 0.27	\$ 0.25
Provision for loan losses	\$ -	\$ 125,000

	Years Ended December 31,	
	2023	2022
Net income	\$ 4,480,000	\$ 4,504,000
Basic and diluted earnings per share	\$ 4.93	\$ 4.79
Performance ratios (annualized):		
Return on average assets	1.34%	1.35%
Return on average equity	11.89%	12.88%
Interest rate spread	2.98%	3.25%
Net interest margin	3.32%	3.35%
Operating cost to assets	2.31%	2.22%
Weighted average basic and diluted shares outstanding	909,534	939,575
Dividends per share	\$ 1.08	\$ 1.00
Provision for loan losses	\$ -	\$ 125,000

	(Audited)	
	December 31, 2023	December 31, 2022
Total assets	\$ 342,708,000	\$ 332,718,000
Loans receivable, net	\$ 122,974,000	\$ 115,956,000
Deposits	\$ 311,341,000	\$ 322,261,000
Brokered CD's included in deposits	\$ 11,903,000	\$ 11,756,000
Total stockholders' equity	\$ 12,787,000	\$ 5,738,000
Book value per share (excluding OCI)	\$ 43.02	\$ 39.17
Average Stockholders' equity to assets ratio (excluding OCI)	11.25%	10.47%

Asset quality ratios:		
Nonperforming loans as a percent of total loans	.00%	.00%
Nonperforming assets as a percent of total loans	.00%	.00%
Allowance for loan losses as a percent of total loans	1.96%	2.16%

FINANCIAL INFORMATION

**PINNACLE BANCSHARES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

	<i>(Unaudited)</i> December 31, 2023	<i>(Audited)</i> December 31, 2022
<u>Assets</u>		
Cash and cash equivalents	\$ 2,190,793	\$ 1,742,938
Interest bearing deposits in banks	19,518,942	12,185,982
Securities available for sale	165,520,025	170,580,649
Restricted equity securities	836,200	773,600
Loans	125,433,112	118,516,666
Less Allowance for loan losses	2,459,372	2,561,079
Loans, net	122,973,740	115,955,587
Premises and equipment, net	8,421,290	6,926,631
Right-of-use lease assets – operating	302,171	398,364
Goodwill	306,488	306,488
Bank owned life insurance	10,601,839	10,206,335
Accrued interest receivable	2,107,188	2,070,895
Deferred tax assets, net	9,081,069	10,594,339
Other assets	847,912	976,361
Total assets	\$ 342,707,657	\$ 332,718,169
<u>Liabilities and Stockholders' Equity</u>		
Deposits		
Noninterest-bearing	\$ 89,520,410	\$ 94,784,231
Interest-bearing	221,820,527	227,476,410
Total deposits	311,340,937	322,260,641
Subordinated debentures	3,093,000	3,093,000
Other borrowings	12,500,000	-
Accrued interest payable	1,392,272	111,652
Operating lease liabilities	302,171	398,364
Other liabilities	1,292,736	1,116,596
Total liabilities	329,921,116	326,980,253
Stockholders' equity		
Common stock, par value \$.01 per share; 2,400,000 authorized; 1,872,313 issued; 909,534 shares outstanding, respectively	18,723	18,723
Additional paid-in capital	8,923,223	8,923,223
Treasury stock (962,779)	(15,588,799)	(15,588,799)
Retained earnings	45,772,256	42,274,372
Accumulated other comprehensive loss, net of tax	(26,338,862)	(29,889,603)
Total stockholders' equity	12,786,541	5,737,916
Total liabilities and stockholders' equity	\$ 342,707,657	\$ 332,718,169

PINNACLE BANCSHARES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended December 31,		Years Ended December 31,	
	2023	2022	2023	2022
Interest income				
Loans, including fees	\$ 2,003,295	\$ 1,666,711	\$ 7,527,937	\$ 6,512,150
Securities available for sale	1,347,416	1,431,684	5,504,358	5,419,511
Other interest	266,587	72,494	840,501	170,912
Total interest income	<u>3,617,298</u>	<u>3,170,889</u>	<u>13,872,796</u>	<u>12,102,573</u>
Interest expense				
Deposits	692,818	184,218	1,859,046	570,926
Borrowings	148,910	935	438,088	1,745
Subordinated debentures	39,050	38,600	156,200	152,510
Total interest expense	<u>880,778</u>	<u>223,753</u>	<u>2,453,334</u>	<u>725,181</u>
Net interest income	2,736,520	2,947,136	11,419,462	11,377,392
Provision for loan losses	-	125,000	-	125,000
Net interest income after provision for loan losses	<u>2,736,520</u>	<u>2,822,136</u>	<u>11,419,462</u>	<u>11,252,392</u>
Other income				
Fees and service charges on deposit accounts	426,111	384,999	1,681,484	1,504,850
Service fee income, net	746	758	2,910	3,292
Bank owned life insurance	101,087	95,975	395,505	383,894
Mortgage fee income	-	2,700	12,113	30,457
Total other income	<u>527,944</u>	<u>484,432</u>	<u>2,092,012</u>	<u>1,922,493</u>
Other expense:				
Salaries and employee benefits	1,041,716	1,095,981	4,382,725	4,165,501
Occupancy expense	271,628	230,977	943,058	891,240
Marketing and professional expense	131,811	88,407	338,524	289,975
Other operating expenses	541,429	609,725	2,085,710	2,057,305
Total other expenses	<u>1,986,584</u>	<u>2,025,090</u>	<u>7,750,017</u>	<u>7,404,021</u>
Income before income taxes	1,277,880	1,281,478	5,761,457	5,770,864
Income tax expense	<u>296,737</u>	<u>265,692</u>	<u>1,281,278</u>	<u>1,266,668</u>
Net income	<u>\$ 981,143</u>	<u>\$1,015,786</u>	<u>\$ 4,480,179</u>	<u>\$ 4,504,196</u>
Cash dividend per share	<u>\$ 0.27</u>	<u>\$ 0.25</u>	<u>\$ 1.08</u>	<u>\$ 1.00</u>
Basic and diluted earnings per share	<u>\$ 1.08</u>	<u>\$ 1.12</u>	<u>\$ 4.93</u>	<u>\$ 4.79</u>
Weighted –average basic and diluted shares outstanding	<u>909,534</u>	<u>909,534</u>	<u>909,534</u>	<u>939,575</u>

PINNACLE BANCSHARES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 2023 and 2022

	<u>Common Stock</u>		<u>Additional</u>	<u>Treasury</u>	<u>Retained</u>	<u>Accumulated</u>	<u>Total</u>		
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u>			<u>Other</u>		<u>Comprehensive</u>	<u>Stockholders'</u>
			<u>Capital</u>			<u>Stock</u>		<u>Earnings</u>	<u>Income (Loss)</u>
Balance December 31, 2021	1,872,313	\$ 18,723	\$ 8,923,223	\$ (13,533,621)	\$ 38,710,339	\$ 1,540,479	\$ 35,659,143		
Net income	-	-	-	-	4,504,196	-	4,504,196		
Cash dividends declared (\$1.00 per share)	-	-	-	-	(940,163)	-	(940,163)		
Purchase of treasury stock	-	-	-	(2,055,178)	-	-	(2,055,178)		
Other comprehensive loss	-	-	-	-	-	(31,430,082)	(31,430,082)		
Balance December 31, 2022	<u>1,872,313</u>	<u>\$ 18,723</u>	<u>\$ 8,923,223</u>	<u>\$ (15,588,799)</u>	<u>\$ 42,274,372</u>	<u>\$ (29,889,603)</u>	<u>\$ 5,737,916</u>		
	<u>Common Stock</u>		<u>Additional</u>	<u>Treasury</u>	<u>Retained</u>	<u>Accumulated</u>	<u>Total</u>		
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u>			<u>Other</u>		<u>Comprehensive</u>	<u>Stockholders'</u>
			<u>Capital</u>			<u>Stock</u>		<u>Loss</u>	<u>Equity</u>
Balance December 31, 2022	1,872,313	\$ 18,723	\$ 8,923,223	\$ (15,588,799)	\$ 42,274,372	\$ (29,889,603)	\$ 5,737,916		
Net income	-	-	-	-	4,480,179	-	4,480,179		
Cash dividends declared (\$1.08 per share)	-	-	-	-	(982,295)	-	(982,295)		
Other comprehensive income	-	-	-	-	-	3,550,741	3,550,741		
Balance December 31, 2023	<u>1,872,313</u>	<u>\$ 18,723</u>	<u>\$ 8,923,223</u>	<u>\$ (15,588,799)</u>	<u>\$ 45,772,256</u>	<u>\$ (26,338,862)</u>	<u>\$ 12,786,541</u>		

PINNACLE BANCSHARES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2023	2022
OPERATING ACTIVITIES:		
Net income	\$ 4,480,179	\$ 4,504,196
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	418,815	424,648
Provision for loan losses	-	125,000
Net investment amortization expense	180,496	208,429
Net increase in bank owned life insurance	(395,505)	(383,894)
Decrease in accrued interest receivable	(36,292)	(153,297)
Increase in accrued interest payable	1,280,620	33,809
Net other operating activities	535,306	(97,246)
Net cash provided by operating activities	6,463,619	4,661,645
INVESTING ACTIVITIES:		
Net (increase) decrease in loans	(7,018,152)	6,577,927
Net increase in interest bearing deposits in other banks	(7,332,960)	(1,039,485)
Purchase of securities available for sale	-	(41,170,098)
Proceeds from maturing, calls, and payments received on securities available for sale	9,712,596	10,777,597
Net purchase of restricted equity securities	(62,600)	(32,000)
Purchase of premises and equipment	(1,913,473)	(335,742)
Net cash used in investing activities	(6,614,589)	(25,221,801)
FINANCING ACTIVITIES:		
Net increase (decrease) in deposits	(10,918,880)	23,568,108
Proceeds from other borrowings	16,100,000	-
Repayments of other borrowings	(3,600,000)	-
Purchase of treasury stock	-	(2,055,178)
Payments of cash dividends	(982,295)	(940,163)
Net cash provided by financing activities	598,825	20,572,767
Net increase in cash and cash equivalents	447,855	12,611
Cash and cash equivalents at beginning of period	1,742,938	1,730,327
Cash and cash equivalents at end of period	\$ 2,190,793	\$ 1,742,938
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the period for:		
Interest	\$ 1,172,714	\$ 687,479
Taxes	\$ 945,928	\$ 1,330,569
OTHER NONCASH TRANSACTIONS		
Real estate acquired through foreclosure	\$ -	\$ -
Internally financed sales of other real estate owned	\$ -	\$ -