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PINNACLE BANCSHARES ANNOUNCES RESULTS FOR FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2020

Jasper, Alabama (January 20, 2021) – Robert B. Nolen, Jr., President and Chief Executive Officer of Pinnacle Bancshares, Inc. (OTC Pink: PCLB), today announced Pinnacle's results of operations for the fourth quarter and year ended December 31, 2020:

- For the three months ended December 31, 2020, Pinnacle reported net income of $896,000, compared to $686,000 for the three months ended December 31, 2019.

- Net interest income before the provision for loan losses for the three months ended December 31, 2020 was $2,797,000, compared with $2,039,000 in the same period last year.

- Included in net interest income for the three months ended December 31, 2020 are Paycheck Protection Program ("PPP") amortized loan fees of approximately $489,000.

- For the year ended December 31, 2020, net income was $3,181,000, compared with net income of $2,889,000 in the prior year.

- Provision for loan losses was $200,000 for the three months and year ended December 31, 2020 compared with $609,000 for the three months and year ended December 31, 2019.

- Net interest income before the provision for loan losses for the year ended December 31, 2020, was $9,157,000, compared with $8,114,000 in the prior year.

- Included in net interest income for the year ended December 31, 2020 are Paycheck Protection Program ("PPP") amortized loan fees of approximately $586,000.

- Included in noninterest expense for the three months and year ended December 31, 2020 was charitable contributions expense totaling $222,000 and $374,000, respectively. Charitable contributions expense for the three months and year ended December 31, 2019 totaled $12,283 and $68,550, respectively.

- For the three months ended December 31, 2020, basic and diluted earnings were each $0.92 per share. For the same period in 2019, basic and diluted earnings were each $0.66 per share.

- Basic and diluted earnings were each $3.21 per share for the year ended December 31, 2020. For 2019, basic and diluted earnings were each $2.79 per share.

The Company's net interest margin was 4.31% and 3.76%, respectively for the three months and year ended December 31, 2020, respectively, compared to 3.87% for both the three months and year ended December 31, 2019, respectively.

At December 31, 2020, Pinnacle's allowance for loan losses as a percent of total loans was 2.13%, compared to 2.07% at December 31, 2019. The provision for loan losses during the fourth quarter 2020 was due to increasing qualitative factors relating to the current pandemic. The $609,000 in provision for loan losses during the fourth quarter 2019 was recorded after receiving a close-out payment of $599,000 resulting from the termination of a state-operated loan guarantee program during the fourth quarter of 2019.

At December 31, 2020, the allowance for loan losses as a percent of nonperforming loans was 1833.08%, compared to 1362.66% at December 31, 2019. Net recoveries was $29,500 for 2020 as compared to net charge-offs of $59,500 in the prior year. Nonperforming assets were $130,000 at December 31, 2020, compared to $158,000 at December 31, 2019. The ratio of nonperforming assets to total loans was .12% at December 31, 2020, compared to .15% at December 31, 2019.

Pinnacle was classified as "well capitalized" at the end of 2020. All capital ratios are significantly higher than the requirements for a well-capitalized institution.

Dividends of $.19 and $.76 per share were paid to shareholders during the three months and year ended for December 31, 2020, as compared to $.19 and $.76 per share during the three months and year ended December 31, 2019.

The COVID-19 pandemic and resulting adverse economic conditions have already adversely impacted our business and results. At this time we are not able to estimate the effect of COVID-19 on our business, financial condition and results of operations which will depend on currently uncertain future developments.

The ongoing COVID-19 global and national health emergency has caused significant disruptions in the United States and international economies and financial markets. The spread of COVID-19 in the United States has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in commercial activity and financial transactions, supply chain interruptions, increased unemployment, and overall economic and financial market instability. Many states, including Alabama, have declared states of public health emergency.

Although banks have generally been permitted to continue operating, the COVID-19 pandemic has caused disruptions to our business and could cause material disruptions to our business and operations in the future. Impacts have included an increase in costs due to additional health and safety precautions implemented at our branches, and an increase in draws on unfunded loan commitments and requests for forbearance and loan modifications. Clients also may seek additional loans that they may be unable to repay, particularly if businesses remain closed and unemployment levels rise. To the extent that commercial, social or legal and regulatory restrictions remain in place or increase, our uncertainty, expenses, delinquencies, foreclosures and credit losses may materially increase.

In addition, the unprecedented nature of COVID-19 related disruptions heightens the inherent uncertainty of forecasting future economic conditions and their potential impact on our loan portfolio, and therefore increases the risk that the assumptions, judgments and estimates used to determine the appropriate allowance for future credit losses may prove to be incorrect, resulting in actual credit losses that exceed our recorded allowance.

Unfavorable economic conditions may also make it more difficult for us to maintain deposit levels and loan origination volume. Furthermore, such conditions have and may continue to adversely impact accounting estimates that we use to determine our allowance and provisions for credit losses. Such conditions could also impact the value of assets we carry on our balance sheet and cause the value of collateral associated with our existing loans to decline.

Sudden or unexpectedly large changes in interest rates could impact our ability to effectively manage our interest rate risk and could result in maturity imbalances in our assets and liabilities. A prolonged period of very low interest rates or an increase in interest rates that affects our borrowers' ability to repay loans could reduce our net interest income and have a material adverse impact on our cash flows.

While we have taken, and are continuing to take, actions to protect the safety and well-being of our employees and customers, no assurance can be given that the steps being taken will be deemed to be adequate or appropriate, nor can we predict the level of disruption which will occur to our ability to provide customer support and service. The continued or renewed spread of COVID-19 could negatively impact the availability of key personnel necessary to conduct our business, the business and operations of our third-party service providers who perform critical services for our business, or the businesses of many of our customers and borrowers. In addition, as a result of the pandemic and the related increase in remote working by our personnel and personnel of other companies, the risk of cyber-attacks, breaches or similar events, whether through our systems of those of third parties on which we rely, has increased.

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

	Three Months Ended December 31, 2020	2019
Net Income	$ 896,000	$ 686,000
Weighted average basic shares outstanding	973,505	1,032,905
Weighted average diluted shares outstanding	973,505	1,032,905
Dividend per share	$ 0.19	$ 0.19
Provision for loan losses	$ 200,000	$ 609,000
Basic earnings per share	$ 0.92	$ 0.66
Diluted earnings per share	$ 0.92	$ 0.66
Performance Ratios: (annualized)		
Return on average assets	1.26%	1.18%
Return on average equity	11.86%	9.25%
Interest rate spread	4.18%	3.61%
Net interest margin	4.31%	3.87%
Operating cost to assets	2.74%	2.89%

	For the Year Ended At December 31, 2020	2019
Net Income	$ 3,181,000	$ 2,889,000
Weighted average basic shares outstanding	991,349	1,035,143
Weighted average diluted shares outstanding	991,349	1,035,143
Dividend per share	$ 0.76	$ 0.76
Provision for loan losses	$ 200,000	$ 609,000
Basic earnings per share	$ 3.21	$ 2.79
Diluted earnings per share	$ 3.21	$ 2.79
Performance Ratios:		
Return on average assets	1.19%	1.30%
Return on average equity	10.70%	10.03%
Interest rate spread	3.58%	3.64%
Net interest margin	3.76%	3.87%
Operating cost to assets	2.59%	2.90%

	At December 31, 2020	2019 (Audited)
Total assets	$ 276,129,000	$ 230,435,000
Loans receivable, net	$ 109,619,000	$ 101,500,000
Deposits	$ 235,107,000	$ 194,361,000
Brokered CD’s included in Deposits	$ 14,979,000	$ 17,915,000
Total stockholders' equity	$ 34,332,000	$ 30,788,000
Weighted average book value per share	$ 34.63	$ 29.81
Stockholders' average equity to asset ratio	11.15%	12.98%
Asset Quality Ratios:		
Nonperforming loans as a percent of total loans	.12%	.15%
Nonperforming assets as a percent of total Loans	.12%	.15%
Allowance for loan losses as a percent of total loans	2.13%	2.07%
Allowance for loan losses as a percent of nonperforming loans	1833.08%	1362.66%