

Contact: Joe B. Adams, III
Chief Financial Officer
(205) 221-8866

**PINNACLE BANCSHARES ANNOUNCES RESULTS FOR
FIRST QUARTER ENDED MARCH 31, 2022**

Jasper, Alabama (April 27, 2022) – Robert B. Nolen, Jr., President and Chief Executive Officer of Pinnacle Bancshares, Inc. (OTCBB: PCLB), today announced Pinnacle’s results of operations for the first quarter ended March 31, 2022:

- For the three months ended March 31, 2022, Pinnacle reported net income of \$1,111,000, compared to \$907,000 for the three months ended March 31, 2021.
- Net interest income after the provision for loan losses for the three months ended March 31, 2022, was \$2,735,000, compared with \$2,379,000 in the same period last year.
- Included in net interest income for the three months ended March 31, 2022 are Paycheck Protection Program (“PPP”) amortized loan fees of approximately \$120,000 as compared to \$141,000 for the three months ended March 31, 2021.
- For the three months ended March 31, 2022, basic and diluted earnings per share were each \$1.14. For the same period in 2021 basic and diluted earnings per share were each \$0.93.
- For the three months ended March 31, 2022, return on average assets was 1.29%, compared to 1.26% in the comparable 2021 period.

The Company’s net interest margin was 4.06% for the three months March 31, 2022, compared to 3.61% for the three months ended March 31, 2021.

At March 31, 2022, Pinnacle’s allowance for loan losses as a percent of total loans was 2.05%, compared to 2.02% at December 31, 2021. Excluding PPP loans of \$2.2 million dollars and \$4.3 million dollars, the allowance for loan losses as a percent of total loans as of March 31, 2022 and December 31, 2021, was both 2.09%. Nonperforming assets were \$11,000 at March 31, 2022, compared to \$30,000 at December 31, 2021. The ratio of nonperforming assets to total loans was .01% at March 31, 2022, and .01% at December 31, 2021.

Pinnacle was classified as “well capitalized” at March 31, 2022. All capital ratios are significantly higher than the requirements for a well-capitalized institution.

Dividends of \$.25 per share were paid to shareholders during the first quarter of 2022 and \$.22 per share during the first quarter 2021.

Impact of COVID-19 on Our Business

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Company. The extent of COVID-19's impact on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the virus' impact on the Company's customers, employees and vendors, and vaccination supply and delivery. At this point, the extent to which COVID-19 may impact the Company's financial condition or results of operations remains uncertain.

Effects of Inflation

We do not believe that inflation has had a material effect on our results of operations for the three-month period ended March 31, 2022 and March 31, 2021; however, our business could be affected by inflation in the future which we plan to mitigate through a combination of pricing actions and operating efficiencies, although these actions could have an adverse impact on demand.

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.
AND SUBSIDIARY**

UNAUDITED FINANCIAL HIGHLIGHTS

	Three Months Ended March 31,	
	2022	2021
Net Income	\$ 1,110,760	\$ 907,000
Weighted average basic shares outstanding	970,791	973,505
Weighted average diluted shares outstanding	970,791	973,505
Dividend per share	\$.25	\$.22
Provision for loan losses	\$ -	\$ -
Basic and diluted earnings per share	\$ 1.14	\$ 0.93
Performance Ratios: (annualized)		
Return on average assets	1.29%	1.26%
Return on average equity	12.96%	11.90%
Interest rate spread	4.01%	3.51%
Net interest margin	4.06%	3.61%
Operating cost to assets	2.06%	2.33%
		(Audited)
	March 31, 2022	December 31, 2021
Total assets	\$ 349,351,000	\$ 339,710,000
Loans receivable, net	\$ 120,432,000	\$ 122,659,000
Deposits	\$ 320,414,000	\$ 298,693,000
Brokered CD's included in deposits	\$ 19,944,000	\$ 24,937,000
Total stockholders' equity	\$ 23,851,000	\$ 35,659,000
Weighted average book value per share (excluding OCI)	\$ 36.04	\$ 35.15
Total average stockholders' equity to asset ratio	9.92%	10.19%
Asset Quality Ratios:		
Nonperforming loans as a percent of total loans	.01%	.01%
Nonperforming assets as a percent of total loans	.01%	.01%
Allowance for loan losses as a percent of total loans	2.05%	2.02%
Allowance for loan losses as a percent of nonperforming loans	22936.36%	8460.00%

**PINNACLE BANCSHARES, INC.
AND SUBSIDIARY**

CONDENSED CONSOLIDATED STATEMENTS OF CONDITION

	(Unaudited) March 31, 2022	(Audited) December 31, 2021
<u>Assets</u>		
Cash and cash equivalents	\$ 2,069,123	\$ 1,730,327
Interest bearing deposits in banks	17,111,285	11,146,497
Securities available for sale	185,344,095	183,516,514
Restricted equity securities	773,600	741,600
Loans	122,954,984	125,196,462
Less allowance for loan losses	<u>2,522,536</u>	<u>2,537,948</u>
Loans, net	<u>120,432,448</u>	<u>122,658,514</u>
Premises and equipment, net	6,929,559	7,015,537
Operating right-of-use lease assets	469,697	493,627
Goodwill	306,488	306,488
Bank owned life insurance	9,918,414	9,822,441
Accrued interest receivable	1,458,577	1,917,598
Other assets	<u>4,537,826</u>	<u>361,228</u>
Total assets	<u>\$ 349,351,112</u>	<u>\$ 339,710,371</u>
<u>Liabilities and Stockholders' Equity</u>		
Deposits:		
Noninterest-bearing	\$ 91,773,265	\$ 88,430,320
Interest-bearing	<u>228,640,848</u>	<u>210,262,213</u>
Total deposits	320,414,113	298,692,533
Subordinated debentures	3,093,000	3,093,000
Accrued interest payable	92,745	77,843
Operating lease liabilities	469,697	493,627
Other liabilities	<u>1,430,708</u>	<u>1,694,225</u>
Total liabilities	<u>325,500,263</u>	<u>304,051,228</u>
Stockholders' equity		
Common stock, \$.01 par value, 2,400,000 shares authorized; 1,872,313 shares issued; 970,791 shares outstanding	18,723	18,723
Additional paid-in capital	8,923,223	8,923,223
Treasury stock, at cost (901,522 shares)	(13,533,621)	(13,533,621)
Retained earnings	39,578,402	38,710,339
Accumulated other comprehensive income (loss), net of tax	<u>(11,135,878)</u>	<u>1,540,479</u>
Total stockholders' equity	<u>23,850,849</u>	<u>35,659,143</u>
Total liabilities and stockholders' equity	<u>\$ 349,351,112</u>	<u>\$ 339,710,371</u>

**PINNACLE BANCSHARES, INC.
AND SUBSIDIARY**

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
Three Months Ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Interest income		
Loans, including fees	\$ 1,654,949	\$ 1,538,243
Taxable securities	1,179,914	912,113
Nontaxable securities	34,384	58,493
Other interest	10,321	5,632
Total interest income	<u>2,879,568</u>	<u>2,514,481</u>
Interest expense		
Deposits	106,235	97,172
Subordinated debentures	38,600	38,500
Total interest expense	<u>144,835</u>	<u>135,672</u>
Net interest income	2,734,733	2,378,809
Provision for loan losses	-	-
Net interest income after provision for loan losses	<u>2,734,733</u>	<u>2,378,809</u>
Other income		
Fees and service charges on deposit accounts	357,833	346,188
Servicing fee income, net	886	1,059
Bank owned life insurance	95,973	97,967
Mortgage fee income	14,361	2,487
Total other income	<u>469,053</u>	<u>447,701</u>
Other expenses		
Salaries and employee benefits	1,025,583	958,973
Occupancy expenses	229,622	222,144
Marketing and professional expenses	64,901	64,637
Other operating expenses	461,841	432,901
Total other expenses	<u>1,781,947</u>	<u>1,678,655</u>
Income before income taxes	1,421,839	1,147,855
Income tax expense	<u>311,079</u>	<u>240,903</u>
Net income	<u>\$ 1,110,760</u>	<u>\$ 906,952</u>
Basic and diluted earnings per share	<u>\$ 1.14</u>	<u>\$ 0.93</u>
Cash dividends per share	<u>\$ 0.25</u>	<u>\$ 0.22</u>
Weighted-average basic and diluted shares outstanding	<u>970,791</u>	<u>973,505</u>

**PINNACLE BANCSHARES, INC.
AND SUBSIDIARY**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Three Months Ended March 31, 2022 and 2021**

	Common Stock		Additional	Treasury	Retained	Accumulated	Total
	Shares	Par Value	Paid-in Capital	Stock	Earnings	Other Comprehensive Income (Loss)	Stockholders' Equity
Balance, December 31, 2020	1,872,313	\$ 18,723	\$ 8,923,223	\$ (13,441,345)	\$ 34,874,072	\$ 3,957,193	\$ 34,331,866
Net income	-	-	-	-	906,952	-	906,952
Cash dividends declared, \$0.22 per share	-	-	-	-	(214,171)	-	(214,171)
Other comprehensive loss	-	-	-	-	-	(2,924,470)	(2,924,470)
Balance, March 31, 2021	<u>1,872,313</u>	<u>\$ 18,723</u>	<u>\$ 8,923,223</u>	<u>\$ (13,441,345)</u>	<u>\$ 35,566,853</u>	<u>\$ 1,032,723</u>	<u>\$ 32,100,177</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	-	-	-	-	1,110,760	-	1,110,760
Cash dividends declared, \$0.25 per share	-	-	-	-	(242,697)	-	(242,697)
Other comprehensive loss	-	-	-	-	-	(12,676,357)	(12,676,357)
Balance, March 31, 2022	<u>1,872,313</u>	<u>\$ 18,723</u>	<u>\$ 8,923,223</u>	<u>\$ (13,533,621)</u>	<u>\$ 39,578,402</u>	<u>\$ (11,135,878)</u>	<u>\$ 23,850,849</u>

**PINNACLE BANCSHARES, INC.
AND SUBSIDIARY**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended March 31, 2022 and 2021**

	2022	2021
OPERATING ACTIVITIES		
Net income	\$ 1,110,760	\$ 906,952
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	115,917	103,599
Net amortization of securities	71,700	81,760
Bank owned life insurance	(95,973)	(97,967)
Decrease in accrued interest receivable	459,021	307,664
Increase (decrease) in accrued interest payable	14,902	(22,632)
Net other operating activities	265,363	539,307
Net cash provided by operating activities	1,941,690	1,818,683
INVESTING ACTIVITIES		
Net (increase) decrease in loans	2,226,066	(10,896,412)
Net increase in interest-bearing deposits in banks	(5,964,788)	(10,902,836)
Purchase of securities available for sale	(20,435,341)	(19,626,046)
Proceeds from maturing or callable securities available for sale	1,154,225	6,103,652
Net (purchase) redemption of restricted equity securities	(32,000)	69,500
Purchase of premises and equipment	(29,939)	(469,528)
Net cash used in investing activities	(23,081,777)	(35,721,670)
FINANCING ACTIVITIES		
Net increase in deposits	21,721,580	34,077,734
Payments of cash dividends	(242,697)	(214,171)
Net cash provided by financing activities	21,478,883	33,863,563
Net increase (decrease) in cash and cash equivalents	338,796	(39,424)
Cash and cash equivalents at beginning of year	1,730,327	2,080,667
Cash and cash equivalents at end of year	\$ 2,069,123	\$ 2,041,243
SUPPLEMENTAL DISCLOSURE		
Cash paid during the year for:		
Interest	\$ 129,933	\$ 158,304
Taxes	\$ -	\$ -
OTHER NONCASH TRANSACTIONS		
Real estate acquired through foreclosure	\$ -	\$ -