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PINNACLE BANCSHARES ANNOUNCES RESULTS FOR SECOND QUARTER ENDED JUNE 30, 2021

Jasper, Alabama (July 20, 2021) – Robert B. Nolen, Jr., President and Chief Executive Officer of Pinnacle Bancshares, Inc. (OTCBB: PCLB), today announced Pinnacle’s second quarter results of operations.

- For the three months ended June 30, 2021, Pinnacle reported net income of \$984,000 compared to \$732,000 for the three months ended June 30, 2020. Paycheck Protection Program (“PPP”) loan fees recognized during the three months ended June 30, 2021 were \$50,000.
- For the six months ended June 30, 2021, Pinnacle reported net income of \$1,891,000 compared to \$1,573,000 for the six months ended June 30, 2020. There were \$153,000 of net gains related to sale of securities available for sale included in the six months ended June 30, 2020. PPP loan fees recognized during the six months ended June 30, 2021 were \$191,000.
- Net interest income for the three and six months ended June 30, 2021, was \$2,463,000 and \$4,842,000, respectively, compared with \$2,095,000 and \$4,117,000 respectively, in the same periods last year.
- Basic and diluted earnings per share for the three and six months ended June 30, 2021 were \$1.01 and \$1.94 per share, respectively, compared to \$0.74 and \$1.57 per share, respectively, for the same periods last year.
- For the three and six months ended June 30, 2021, return on average assets was 1.26%, and 1.25%, respectively, compared to 1.11% and 1.24%, respectively, in the comparable 2020 period.

Pinnacle’s net interest margin was 3.41% and 3.48% for the three and six months ended June 30, 2021, respectively, compared to 3.45% and 3.55% for the three and six months ended June 30, 2020, respectively.

At June 30, 2021, Pinnacle’s allowance for loan losses as a percent of total loans was 1.90%, compared to 2.13% at December 31, 2020. The allowance for loan losses as a percent of total loans, excluding PPP loans of approximately \$10.5 million dollars, was 2.08% as of June 30, 2021. Nonperforming assets were \$144,000 at June 30, 2021, compared to \$130,000 at December 31, 2020. The ratio of nonperforming assets to total loans was .12% at both June 30, 2021 and December 31, 2020. All capital ratios are higher than the requirements for a well-capitalized institution.

Dividends of \$.22 and \$.44 were paid to shareholders during the three and six months ended for June 30, 2021, respectively as compared to \$.19 and \$.38 per share dividends that were paid to shareholders during the three and six months ended June 30, 2020.

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.

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 June 30,	
	2021	2020
Net income	\$ 984,000	\$ 732,000
Basic and diluted earnings per share	\$ 1.01	\$ 0.74
Performance ratios (annualized):		
Return on average assets	1.26%	1.11%
Return on average equity	12.44%	9.95%
Interest rate spread	3.31%	3.25%
Net interest margin	3.41%	3.45%
Operating cost to assets	2.17%	2.41%
Weighted average basic and diluted shares outstanding	973,505	989,670
Dividends per share	\$ 0.22	\$ 0.19
Provision for loan losses	\$ -	\$ -
	Six Months Ended June 30,	
	2021	2020
Net income	\$ 1,891,000	\$ 1,573,000
Basic and diluted earnings per share	\$ 1.94	\$ 1.57
Performance ratios (annualized):		
Return on average assets	1.25%	1.24%
Return on average equity	12.09%	10.67%
Interest rate spread	3.38%	3.33%
Net interest margin	3.48%	3.55%
Operating cost to assets	2.24%	2.51%
Weighted average basic and diluted shares outstanding	973,505	1,004,529
Dividends per share	\$ 0.44	\$ 0.38
Provision for loan losses	\$ -	\$ -
	June 30, 2021	(Audited) December 31, 2020
Total assets	\$ 321,768,000	\$ 275,742,000
Loans receivable, net (includes \$10.5M and \$6.4M PPP loans, respectively)	\$ 120,912,000	\$ 109,429,000
Deposits	\$ 281,221,000	\$ 235,109,000
Brokered CD's included in deposits	\$ 21,944,000	\$ 14,980,000
Total stockholders' equity	\$ 34,345,000	\$ 34,332,000
Book value per share	\$ 35.28	\$ 34.63
Total average stockholders' equity to assets ratio	10.37%	11.15%
Asset quality ratios:		
Nonperforming loans as a percent of total loans	.12%	.12%
Nonperforming assets as a percent of total loans	.12%	.12%
Allowance for loan losses as a percent of total loans	1.90%	2.13%
Allowance for loan losses as a percent of nonperforming loans	1,625.69%	1,833.08%

FINANCIAL INFORMATION

PINNACLE BANCSHARES, INC. CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	<i>(Unaudited)</i> June 30, 2021	<i>(Audited)</i> December 31, 2020
<u>Assets</u>		
Cash and cash equivalents	\$ 1,970,294	2,080,667
Interest bearing deposits in banks	13,669,405	4,106,661
Securities available for sale	163,944,535	139,688,995
Restricted equity securities	716,000	785,500
Loans	123,253,145	111,811,886
Less Allowance for loan losses	2,340,728	2,382,799
Loans, net	120,912,417	109,429,087
Premises and equipment, net	7,115,843	6,555,446
Right-of-use lease assets – operating	540,714	587,970
Goodwill	306,488	306,488
Bank owned life insurance	10,492,810	10,296,876
Accrued interest receivable	1,732,937	1,491,026
Other assets	366,151	413,613
Total assets	\$ 321,767,594	275,742,329
<u>Liabilities and Stockholders' Equity</u>		
Deposits		
Noninterest-bearing	\$ 88,225,794	72,897,929
Interest-bearing	192,994,991	162,210,802
Total deposits	281,220,785	235,108,731
Subordinated debentures	3,093,000	3,093,000
Accrued interest payable	100,291	145,826
Operating lease liabilities	540,714	587,970
Other liabilities	2,467,389	2,474,936
Total liabilities	287,422,179	241,410,463
Stockholders' equity		
Common stock, par value \$.01 per share; 2,400,000 authorized; 1,872,313 issued; 973,505 shares outstanding	18,723	18,723
Additional paid-in capital	8,923,223	8,923,223
Treasury stock (898,808 shares)	(13,441,345)	(13,441,345)
Retained earnings	36,336,441	34,874,072
Accumulated other comprehensive income, net of tax	2,508,373	3,957,193
Total stockholders' equity	34,345,415	34,331,866
Total liabilities and stockholders' equity	\$ 321,767,594	\$ 275,742,329

PINNACLE BANCSHARES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Interest income				
Loans, including fees	\$ 1,526,216	\$ 1,443,770	\$ 3,064,459	\$ 2,875,028
Securities available for sale	1,060,940	877,925	2,031,546	1,733,275
Other interest	5,420	6,545	11,052	25,677
Total interest income	<u>2,592,576</u>	<u>2,328,240</u>	<u>5,107,057</u>	<u>4,633,980</u>
Interest expense				
Deposits	91,510	194,992	188,682	435,029
Borrowings and repurchase agreements	795	-	795	3,330
Subordinated debentures	37,550	38,210	76,050	78,310
Total interest expense	<u>129,855</u>	<u>233,202</u>	<u>265,527</u>	<u>516,669</u>
Net interest income	2,462,721	2,095,038	4,841,530	4,117,311
Provision for loan losses	-	-	-	-
Net interest income after provision for loan losses	<u>2,462,721</u>	<u>2,095,038</u>	<u>4,841,530</u>	<u>4,117,311</u>
Other income				
Fees and service charges on deposit accounts	353,863	302,346	700,051	667,993
Service fee income, net	1,001	1,370	2,059	2,793
Bank owned life insurance	97,967	94,186	195,935	188,372
Mortgage fee income	14,987	13,568	17,474	25,574
Net gain on securities available for sale	-	-	-	152,658
Total other income	<u>467,818</u>	<u>411,470</u>	<u>915,519</u>	<u>1,037,390</u>
Other expense:				
Salaries and employee benefits	965,842	934,378	1,924,815	1,874,920
Occupancy expense	212,163	216,278	434,307	417,983
Marketing and professional expense	67,527	68,815	132,164	128,061
Other operating expenses	445,711	377,090	878,612	766,330
Total other expenses	<u>1,691,243</u>	<u>1,596,561</u>	<u>3,369,898</u>	<u>3,187,294</u>
Income before income taxes	1,239,296	909,947	2,387,151	1,967,407
Income tax expense	<u>255,536</u>	<u>177,943</u>	<u>496,439</u>	<u>394,792</u>
Net income	<u>\$ 983,760</u>	<u>\$ 732,004</u>	<u>\$ 1,890,712</u>	<u>\$ 1,572,615</u>
Cash dividend per share	<u>\$ 0.22</u>	<u>\$ 0.19</u>	<u>\$ 0.44</u>	<u>\$ 0.38</u>
Basic and diluted earnings per share	<u>\$ 1.01</u>	<u>\$ 0.74</u>	<u>\$ 1.94</u>	<u>\$ 1.57</u>
Weighted –average basic and diluted shares outstanding	<u>973,505</u>	<u>989,670</u>	<u>973,505</u>	<u>1,004,529</u>

PINNACLE BANCSHARES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Six Months Ended June 30, 2021 and 2020

	<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>Stock</u>	<u>Earnings</u>	<u>Other</u>	<u>Stockholders'</u>
			<u>Capital</u>			<u>Income</u>	<u>Equity</u>
Balance December 31, 2019	1,872,313	\$ 18,723	\$ 8,923,223	\$ (11,730,888)	\$ 32,445,916	\$ 1,130,578	\$ 30,787,552
Net income	-	-	-	-	1,572,615	-	1,572,615
Cash dividends declared (\$.38 per share)	-	-	-	-	(381,791)	-	(381,791)
Purchase of treasury stock	-	-	-	(1,337,258)	-	-	(1,337,258)
Other comprehensive income	-	-	-	-	-	1,686,621	1,686,621
Balance June 30, 2020	<u>1,872,313</u>	<u>\$ 18,723</u>	<u>\$ 8,923,223</u>	<u>\$ (13,068,146)</u>	<u>\$ 33,636,740</u>	<u>\$ 2,817,199</u>	<u>\$ 32,327,739</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>Stock</u>	<u>Earnings</u>	<u>Other</u>	<u>Stockholders'</u>
			<u>Capital</u>			<u>Income</u>	<u>Equity</u>
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	-	-	-	-	1,890,712	-	1,890,712
Cash dividends declared (\$.44 per share)	-	-	-	-	(428,343)	-	(428,343)
Other comprehensive loss	-	-	-	-	-	(1,448,820)	(1,448,820)
Balance June 30, 2021	<u>1,872,313</u>	<u>\$ 18,723</u>	<u>\$ 8,923,223</u>	<u>\$ (13,441,345)</u>	<u>\$ 36,336,441</u>	<u>\$ 2,508,373</u>	<u>\$ 34,345,415</u>

PINNACLE BANCSHARES, INC,

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30,	
	2021	2020
OPERATING ACTIVITIES:		
Net income	\$ 1,890,712	\$ 1,572,615
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	214,258	194,494
Net investment amortization expense	161,957	135,870
Bank owned life insurance	(195,935)	(188,372)
Gain on sale of securities available for sale	-	(152,657)
Increase in accrued interest receivable	(241,911)	(263,083)
Decrease in accrued interest payable	(45,535)	(19,792)
Net other operating activities	727,798	604,568
Net cash provided by operating activities	2,511,344	1,883,643
INVESTING ACTIVITIES:		
Net increase in loans	(11,483,330)	(22,815,467)
Net increase in interest bearing deposits in other banks	(9,562,744)	(4,036,821)
Purchase of securities available for sale	(37,014,405)	(21,737,575)
Proceeds from sale of securities available for sale	-	2,732,970
Proceeds from maturing, sale and payments received on securities available for sale	10,460,206	6,973,469
Net redemption of restricted equity securities	69,500	34,000
Purchase of premises and equipment	(774,655)	(186,138)
Net cash used in investing activities	(48,305,428)	(39,035,562)
FINANCING ACTIVITIES:		
Net increase in deposits	46,112,054	39,217,770
Purchase of treasury stock	-	(1,337,258)
Payments of cash dividends	(428,343)	(381,791)
Net cash provided by financing activities	45,683,711	37,498,721
Net increase (decrease) in cash and cash equivalents	(110,373)	346,802
Cash and cash equivalents at beginning of period	2,080,667	1,814,912
Cash and cash equivalents at end of period	\$ 1,970,294	\$ 2,162,714
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the period for:		
Interest	\$ 311,062	\$ 536,461
Taxes	\$ 415,000	\$ 402,131
OTHER NONCASH TRANSACTIONS		
Real estate acquired through foreclosure	\$ -	\$ -
Internally financed sales of other real estate owned	\$ -	\$ -