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## **PINNACLE BANCSHARES ANNOUNCES RESULTS FOR SECOND QUARTER ENDED JUNE 30, 2020**

Jasper, Alabama (July 9, 2020) – Robert B. Nolen, Jr., President and Chief Executive Officer of Pinnacle Bancshares, Inc. (OTC Pink: PCLB), today announced Pinnacle’s second quarter results of operations.

- For the three months ended June 30, 2020, Pinnacle reported net income of \$732,000 compared to \$745,000 for the three months ended June 30, 2019. \$39,000 of net gains related to sale of securities available for sale are included in the three months ended June 30, 2019. There were no net gains on sales of securities available for sale included in the three months ended June 30, 2020.
- For the six months ended June 30, 2020, Pinnacle reported net income of \$1,573,000 compared to \$1,410,000 for the six months ended June 30, 2019. \$153,000 and \$39,000 of net gains related to sale of securities available for sale are included in the six months ended June 30, 2020, and 2019, respectively.
- Net interest income after the provision for loan losses for the three and six months ended June 30, 2020, was \$2,095,000 and \$4,117,000, respectively, compared with \$2,021,000 and \$3,965,000 respectively, in the same periods last year.
- Basic and diluted earnings per share for the three and six months ended June 30, 2020 were \$0.74 and \$1.57 per share, respectively, compared to \$0.72 and \$1.36 per share, respectively, for the same periods last year.
- For the three and six months ended June 30, 2020, return on average assets was 1.11%, and 1.24%, respectively, compared to 1.30% and 1.24%, respectively, in the comparable 2019 period.

Pinnacle’s net interest margin was 3.45% and 3.55% for the three and six months ended June 30, 2020, respectively, compared to 3.87% and 3.81% for the three and six months ended June 30, 2019, respectively.

At June 30, 2020, Pinnacle’s allowance for loan losses as a percent of total loans was 1.74%, compared to 2.07% at December 31, 2019. The allowance for loan losses as a percent of total loans, excluding PPP loans of approximately \$17.8 million dollars, was 2.02% as of June 30, 2020. At June 30, 2020, the allowance for loan losses as a percent of nonperforming loans was 1353.99%, compared to 1362.66% at December 31, 2019. Nonperforming assets were \$163,000 at June 30, 2020, compared to \$158,000 at December 31, 2019. The ratio of nonperforming assets to total loans was .13% at June 30, 2020, compared to .15% at December 31, 2019. In addition, all capital ratios are higher than the requirements for a well-capitalized institution.

Dividends of \$.19 and \$.38 per share were paid to shareholders during the three and six months ended for both June 30, 2020 and June 30, 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 the transition of a significant portion of our workforce to home locations, 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**  
*(In Thousands, except share and per share data)*

	<b>Three Months Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
Net income	\$ 732,000	\$ 745,000
Basic and diluted earnings per share	\$ 0.74	\$ 0.72
Performance ratios (annualized):		
Return on average assets	1.11%	1.30%
Return on average equity	9.95%	10.47%
Interest rate spread	3.25%	3.65%
Net interest margin	3.45%	3.87%
Operating cost to assets	2.41%	2.81%
Weighted average basic and diluted shares outstanding	989,670	1,035,378
Dividends per share	\$ 0.19	\$ 0.19
Provision for loan losses	\$ -	\$ -

	<b>Six Months Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
Net income	\$ 1,573,000	\$ 1,410,000
Basic and diluted earnings per share	\$ 1.57	\$ 1.36
Performance ratios (annualized):		
Return on average assets	1.24%	1.24%
Return on average equity	10.67%	9.97%
Interest rate spread	3.33%	3.59%
Net interest margin	3.55%	3.81%
Operating cost to assets	2.51%	2.79%
Weighted average basic and diluted shares outstanding	1,004,529	1,037,417
Dividends per share	\$ 0.38	\$ 0.38
Provision for loan losses	\$ -	\$ -

	<i>(Audited)</i>	
	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Total assets	\$ 273,043,000	\$ 230,435,000
Loans receivable, net (June 30, 2020 includes \$17.8M PPP loans)	\$ 124,764,000	\$ 101,500,000
Deposits	\$ 233,578,000	\$ 194,361,000
Brokered CD's included in deposits	\$ 15,178,000	\$ 17,915,000
Total stockholders' equity	\$ 32,328,000	\$ 30,788,000
Book value per share	\$ 32.77	\$ 29.81
Stockholders' equity to assets ratio	11.63%	12.98%
Asset quality ratios:		
Nonperforming loans as a percent of total loans	.13%	.15%
Nonperforming assets as a percent of total loans	.13%	.15%
Allowance for loan losses as a percent of total loans	1.74%	2.07%
Allowance for loan losses as a percent of nonperforming loans	1353.99%	1362.66%

## FINANCIAL INFORMATION

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

	<i>(Unaudited)</i> <b>June 30, 2020</b>	<i>(Audited)</i> <b>December 31, 2019</b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 2,162,714	1,814,912
Interest bearing deposits in banks	9,490,120	5,453,299
Securities available for sale	116,300,527	101,499,758
Restricted equity securities	732,300	766,300
Loans	126,971,343	104,101,700
Less Allowance for loan losses	2,207,480	2,153,304
Loans, net	124,763,863	101,948,396
Premises and equipment, net	6,411,810	6,420,166
Right-of-use lease assets – operating	634,603	681,306
Goodwill	306,488	306,488
Bank owned life insurance	10,108,505	9,920,133
Accrued interest receivable	1,544,009	1,280,926
Other assets	587,704	343,488
<b>Total assets</b>	\$ 273,042,643	230,435,172
<b><u>Liabilities and Stockholders' Equity</u></b>		
Deposits		
Noninterest-bearing	\$ 75,909,853	55,071,909
Interest-bearing	157,669,075	139,289,249
Total deposits	233,578,928	194,361,158
Subordinated debentures	3,093,000	3,093,000
Accrued interest payable	225,083	244,875
Operating lease liabilities	634,603	681,306
Other liabilities	3,183,290	1,267,281
<b>Total liabilities</b>	240,714,904	199,647,620
Stockholders' equity		
Common stock, par value \$.01 per share; 2,400,000 authorized; 1,872,313 issued; 986,505 shares and 1,032,905 outstanding, respectively	18,723	18,723
Additional paid-in capital	8,923,223	8,923,223
Treasury stock (885,808 and 839,408 shares, respectively)	(13,068,146)	(11,730,888)
Retained earnings	33,636,740	32,445,916
Accumulated other comprehensive income, net of tax	2,817,199	1,130,578
<b>Total stockholders' equity</b>	32,327,739	30,787,552
<b>Total liabilities and stockholders' equity</b>	\$ 273,042,643	\$ 230,435,172

**PINNACLE BANCSHARES, INC.**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Interest income</b>				
Loans, including fees	\$ 1,443,770	\$ 1,502,254	\$ 2,875,028	\$ 2,931,547
Securities available for sale	877,925	711,002	1,733,275	1,433,348
Other interest	6,545	59,159	25,677	100,814
<b>Total interest income</b>	<u>2,328,240</u>	<u>2,272,415</u>	<u>4,633,980</u>	<u>4,465,709</u>
<b>Interest expense</b>				
Deposits	194,992	207,235	435,029	395,304
Borrowings and repurchase agreements	-	-	3,330	87,690
Subordinated debentures	38,210	43,690	78,310	17,312
<b>Total interest expense</b>	<u>233,202</u>	<u>250,925</u>	<u>516,669</u>	<u>500,306</u>
<b>Net interest income</b>	2,095,038	2,021,490	4,117,311	3,965,403
Provision for loan losses	-	-	-	-
<b>Net interest income after provision for loan losses</b>	<u>2,095,038</u>	<u>2,021,490</u>	<u>4,117,311</u>	<u>3,965,403</u>
<b>Other income</b>				
Fees and service charges on deposit accounts	302,346	369,779	667,993	697,063
Service fee income, net	1,370	1,719	2,793	3,433
Bank owned life insurance	94,186	90,009	188,372	180,015
Mortgage fee income	13,568	10,803	25,574	18,372
Net gain on sale of real estate owned	-	-	-	967
Net gain on securities available for sale	-	39,207	152,658	39,207
<b>Total other income</b>	<u>411,470</u>	<u>511,517</u>	<u>1,037,390</u>	<u>939,057</u>
<b>Other expense:</b>				
Salaries and employee benefits	934,378	910,664	1,874,920	1,825,488
Occupancy expense	216,278	198,680	417,983	395,979
Marketing and professional expense	68,815	66,708	128,061	130,685
Other operating expenses	377,090	434,468	766,330	818,871
<b>Total other expenses</b>	<u>1,596,561</u>	<u>1,610,520</u>	<u>3,187,294</u>	<u>3,171,023</u>
<b>Income before income taxes</b>	909,947	922,487	1,967,407	1,733,437
<b>Income tax expense</b>	<u>177,943</u>	<u>177,044</u>	<u>394,792</u>	<u>323,005</u>
<b>Net income</b>	<u>\$ 732,004</u>	<u>\$ 745,443</u>	<u>\$ 1,572,615</u>	<u>\$ 1,410,432</u>
<b>Cash dividend per share</b>	<u>\$ 0.19</u>	<u>\$ 0.19</u>	<u>\$ 0.38</u>	<u>\$ 0.38</u>
<b>Basic and diluted earnings per share</b>	<u>\$ 0.74</u>	<u>\$ 0.72</u>	<u>\$ 1.57</u>	<u>\$ 1.36</u>
<b>Weighted –average basic and diluted shares outstanding</b>	<u>989,670</u>	<u>1,035,378</u>	<u>1,004,529</u>	<u>1,037,417</u>

**PINNACLE BANCSHARES, INC.**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**Six Months Ended June 30, 2020 and 2019**

	<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 (Loss)</u>	<u>Equity</u>
<b>Balance December 31, 2018</b>	1,872,313	\$ 18,723	\$ 8,923,223	\$ (11,464,104)	\$ 30,343,475	\$ (614,718)	\$ 27,206,599
Net income	-	-	-	-	1,410,432	-	1,410,432
Cash dividends declared (\$ .38 per share)	-	-	-	-	(393,588)	-	(393,588)
Purchase of treasury stock	-	-	-	(266,784)	-	-	(266,784)
Other comprehensive income	-	-	-	-	-	1,683,350	1,683,350
<b>Balance June 30, 2019</b>	<u>1,872,313</u>	<u>\$ 18,723</u>	<u>\$ 8,923,223</u>	<u>\$ (11,730,888)</u>	<u>\$ 31,360,319</u>	<u>\$ 1,068,632</u>	<u>\$ 29,640,009</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>
<b>Balance December 31, 2019</b>	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
<b>Balance June 30, 2020</b>	<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>

**PINNACLE BANCSHARES, INC,**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>For the Six Months Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 1,572,615	\$ 1,410,432
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	194,494	178,887
Net investment amortization expense	135,870	163,476
Bank owned life insurance	(188,372)	(180,015)
Gain on sale of securities available for sale	(152,657)	(39,207)
Gain on sale of or write-down of real estate owned	-	(967)
(Increase) decrease in accrued interest receivable	(263,083)	108,612
Increase (decrease) in accrued interest payable	(19,792)	17,158
Net other operating activities	604,568	303,551
Net cash provided by operating activities	1,883,643	1,961,927
<b>INVESTING ACTIVITIES:</b>		
Net increase in loans	(22,815,467)	(2,389,837)
Net increase in interest bearing deposits in other banks	(4,036,821)	(10,448,796)
Purchase of securities available for sale	(21,737,575)	(5,661,467)
Proceeds from sale of securities available for sale	2,732,970	7,466,732
Proceeds from maturing, sale and payments received on securities available for sale	6,973,469	4,136,141
Net redemption of restricted equity securities	34,000	188,500
Purchase of premises and equipment	(186,138)	(333,509)
Proceeds from sales of real estate owned	-	9,999
Net cash used in investing activities	(39,035,562)	(7,032,237)
<b>FINANCING ACTIVITIES:</b>		
Net increase in deposits	39,217,770	10,143,306
Net decrease in other borrowings	-	(4,500,000)
Purchase of treasury stock	(1,337,258)	(266,784)
Payments of cash dividends	(381,791)	(393,588)
Net cash provided by financing activities	37,498,721	4,982,934
<b>Net increase (decrease) in cash and cash equivalents</b>	346,802	(87,376)
Cash and cash equivalents at beginning of period	1,814,912	1,611,283
Cash and cash equivalents at end of period	\$ 2,162,714	\$ 1,523,907
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid during the period for:		
Interest	\$ 536,461	\$ 483,148
Taxes	\$ 402,131	\$ 73,195
<b>OTHER NONCASH TRANSACTIONS</b>		
Real estate acquired through foreclosure	\$ -	\$ 9,032
Internally financed sales of other real estate owned	\$ -	\$ -