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PINNACLE BANCSHARES ANNOUNCES RESULTS FOR THIRD QUARTER ENDED SEPTEMBER 30, 2020

Jasper, Alabama (October 13, 2020) – Robert B. Nolen, Jr., President and Chief Executive Officer of Pinnacle Bancshares, Inc. (OTC Pink: PCLB), today announced Pinnacle's third quarter results of operations.

- For the three months ended September 30, 2020, Pinnacle reported net income of $712,000 compared to $792,000 for the three months ended September 30, 2019.

- For the nine months ended September 30, 2020, Pinnacle reported net income of $2,285,000 compared to $2,203,000 for the nine months ended September 30, 2019.

- Included in net interest income for each of the three and nine months ended September 30, 2020 are Paycheck Protection Program ("PPP") amortized loan fees of approximately $97,000.

- Noninterest income for the three months ended September 30, 2020 was approximately $58,000 less than for the three months ended September 30, 2019 which was the result of deposit service charges that decreased by almost this amount. The decrease in deposit service charges are believed to be the result of changing consumer behavior as the result of COVID-19.

- The Bank used part of the PPP loan fee income to make contributions to charities in its local communities. This represented an increase of approximately $88,000 in non-interest expense. The charitable organizations used these contributions in part to assist our community in dealing with the adverse effects of COVID-19.

- Basic and diluted earnings per share for the three and nine months ended September 30, 2020 were $0.72 and $2.29 per share, respectively, compared to $0.77 and $2.13 per share, respectively, for the same periods last year.

- For the three and nine months ended September 30, 2020, return on average assets was 1.04%, and 1.17%, respectively, compared to 1.36% and 1.28%, respectively, in the comparable 2019 period.

Pinnacle's net interest margin was 3.59% and 3.56% for the three and nine months ended September 30, 2020, respectively, compared to 4.00% and 3.87% for the three and nine months ended September 30, 2019, respectively.

At September 30, 2020, Pinnacle's allowance for loan losses as a percent of total loans was 1.72%, 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 2.00% as of September 30, 2020. At September 30, 2020, the allowance for loan losses as a percent of nonperforming loans was 2295.83%, compared to 1362.66% at December 31, 2019. Nonperforming assets were $182,000 at September 30, 2020, compared to $158,000 at December 31, 2019. The ratio of nonperforming assets to total loans was .14% at September 30, 2020, compared to .15% at December 31, 2019. In addition, all capital ratios are significantly higher than the requirements for a well-capitalized institution.

Dividends of $.19 and $.57 per share were paid to shareholders during the three and nine months ended for both September 30, 2020 and 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)

	Three Months Ended September 30,	
	2020	**2019**
Net income	$ 712,000	$ 792,000
Basic and diluted earnings per share	$ 0.72	$ 0.77
Performance ratios (annualized):		
Return on average assets	1.04%	1.36%
Return on average equity	9.58%	10.92%
Interest rate spread	3.43%	3.74%
Net interest margin	3.59%	4.00%
Operating cost to assets	2.59%	2.75%
Weighted average basic and diluted shares outstanding	983,119	1,032,905
Dividends per share	$ 0.19	$ 0.19
Provision for loan losses	$ -	$ -

	Nine Months Ended September 30,	
	2020	**2019**
Net income	$ 2,285,000	$ 2,203,000
Basic and diluted earnings per share	$ 2.29	$ 2.13
Performance ratios (annualized):		
Return on average assets	1.17%	1.28%
Return on average equity	10.30%	10.29%
Interest rate spread	3.36%	3.64%
Net interest margin	3.56%	3.87%
Operating cost to assets	2.54%	2.78%
Weighted average basic and diluted shares outstanding	997,340	1,035,897
Dividends per share	$ 0.57	$ 0.57
Provision for loan losses	$ -	$ -

		(Audited)
	September 30, 2020	**December 31, 2019**
Total assets	$ 278,455,000	$ 230,435,000
Loans receivable, net	$ 125,650,000	$ 101,500,000
Deposits	$ 237,538,000	$ 194,361,000
Brokered CD’s included in deposits	$ 16,975,000	$ 17,915,000
Total stockholders’ equity	$ 33,595,000	$ 30,788,000
Book value per share	$ 34.51	$ 29.81
Average Stockholders’ equity to assets ratio (excluding OCI)	11.35%	12.98%
Asset quality ratios:		
Nonperforming loans as a percent of total loans	.08%	.15%
Nonperforming assets as a percent of total loans	.14%	.15%
Allowance for loan losses as a percent of total loans	1.72%	2.07%
Allowance for loan losses as a percent of nonperforming loans	2295.83%	1362.66%

FINANCIAL INFORMATION

PINNACLE BANCSHARES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited) **September 30, 2020**	*(Audited)* **December 31, 2019**
Assets		
Cash and cash equivalents	$ 2,313,118	1,814,912
Interest bearing deposits in banks	5,120,477	5,453,299
Securities available for sale	125,280,513	101,499,758
Restricted equity securities	732,300	766,300
Loans	127,854,859	104,101,700
Less Allowance for loan losses	2,204,482	2,153,304
Loans, net	125,650,377	101,948,396
Premises and equipment, net	6,322,840	6,420,166
Right-of-use lease assets – operating	611,411	681,306
Goodwill	306,488	306,488
Bank owned life insurance	10,202,690	9,920,133
Accrued interest receivable	1,196,464	1,280,926
Other assets	718,478	343,488
Total assets	$ 278,455,156	230,435,172
Liabilities and Stockholders' Equity		
Deposits		
Noninterest-bearing	$ 71,416,112	55,071,909
Interest-bearing	166,122,154	139,289,249
Total deposits	237,538,266	194,361,158
Subordinated debentures	3,093,000	3,093,000
Accrued interest payable	245,538	244,875
Operating lease liabilities	611,411	681,306
Other liabilities	3,371,746	1,267,281
Total liabilities	244,859,961	199,647,620
Stockholders' equity		
Common stock, par value $.01 per share; 2,400,000 authorized; 1,872,313 issued; 973,505 and 1,032,905 shares outstanding, respectively	18,723	18,723
Additional paid-in capital	8,923,223	8,923,223
Treasury stock (898,808 and 839,408 shares, respectively)	(13,441,344)	(11,730,888)
Retained earnings	34,162,863	32,445,916
Accumulated other comprehensive income, net of tax	3,931,730	1,130,578
Total stockholders' equity	33,595,195	30,787,552
Total liabilities and stockholders' equity	$ 278,455,156	$ 230,435,172

PINNACLE BANCSHARES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Interest income				
Loans, including fees	$ 1,558,204	$ 1,572,414	$ 4,433,232	$ 4,503,961
Securities available for sale	858,000	748,543	2,591,275	2,181,891
Other interest	13,242	51,628	38,919	152,442
Total interest income	2,429,446	2,372,585	7,063,426	6,838,294
Interest expense				
Deposits	152,062	221,988	587,091	617,292
Borrowings	-	-	3,330	17,312
Subordinated debentures	35,000	41,000	113,310	128,690
Total interest expense	187,062	262,988	703,731	763,294
Net interest income	2,242,384	2,109,597	6,359,695	6,075,000
Provision for loan losses	-	-	-	-
Net interest income after provision for loan losses	2,242,384	2,109,597	6,359,695	6,075,000
Other income				
Fees and service charges on deposit accounts	318,078	378,259	986,071	1,075,322
Service fee income, net	1,255	1,615	4,048	5,048
Bank owned life insurance	94,186	90,009	282,558	270,024
Mortgage fee income	4,877	5,938	30,451	24,310
Net gain (loss) on sale of other real estate	-	-	-	967
Net gain on securities available for sale	-	-	152,658	39,207
Total other income	418,396	475,821	1,455,786	1,414,878
Other expense:				
Salaries and employee benefits	970,728	906,121	2,845,648	2,731,609
Occupancy expense	215,986	209,310	633,969	605,289
Marketing and professional expense	67,725	66,121	195,786	196,806
Other operating expenses	521,130	413,099	1,287,460	1,231,970
Total other expenses	1,775,569	1,594,651	4,962,863	4,765,674
Income before income taxes	885,211	990,767	2,852,618	2,724,204
Income tax expense	172,982	198,294	567,774	521,299
Net income	$ 712,229	$ 792,473	$ 2,284,844	$ 2,202,905
Cash dividend per share	$ 0.19	$ 0.19	$ 0.57	$ 0.57
Basic and diluted earnings per share	$ 0.72	$ 0.77	$ 2.29	$ 2.13
Weighted –average basic and diluted shares outstanding	983,119	1,032,905	997,340	1,035,897

PINNACLE BANCSHARES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Nine Months Ended September 30, 2020 and 2019

	Common Stock		Additional Paid-in	Treasury	Retained	Accumulated Other Comprehensive	Total Stockholders'
	Shares	**Amount**	**Capital**	**Stock**	**Earnings**	**Income (Loss)**	**Equity**
Balance December 31, 2017	1,872,313	$ 18,723	$ 8,923,223	$ (11,464,104)	$ 30,343,475	$ (614,718)	$ 27,206,599
Net income	-	-	-		2,202,905	-	2,202,905
Cash dividends declared ($.57 per share)	-	-	-	-	(589,840)	-	(589,840)
Purchase of treasury stock				(266,784)	-	-	(266,784)
Other comprehensive income	-	-	-	-	-	2,571,899	2,571,899
Balance September 30, 2019	1,872,313	$ 18,723	$ 8,923,223	$ (11,730,888)	$ 31,956,540	$ 1,957,181	$ 31,124,779

	Common Stock		Additional Paid-in	Treasury	Retained	Accumulated Other Comprehensive	Total Stockholders'
	Shares	**Amount**	**Capital**	**Stock**	**Earnings**	**Income**	**Equity**
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	-	-	-		2,284,844	-	2,284,844
Cash dividends declared ($.57 per share)	-	-	-	-	(567,897)	-	(567,897)
Purchase of treasury stock	-	-	-	(1,710,456)	-	-	(1,710,456)
Other comprehensive income	-	-	-	-	-	2,801,152	2,801,152
Balance September 30, 2020	1,872,313	$ 18,723	$ 8,923,223	$ (13,441,344)	$ 34,162,863	$ 3,931,730	$ 33,595,195

PINNACLE BANCSHARES, INC,

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30,	
	2020	**2019**
OPERATING ACTIVITIES:		
Net income	$ 2,284,844	$ 2,202,905
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	298,504	274,506
Provision for loan losses	-	-
Net investment amortization expense	205,007	240,189
Bank owned life insurance	(282,558)	(270,024)
Gain on sale of securities available for sale	(152,657)	(39,207)
Net gain on sale of real estate owned	-	(967)
Decrease in accrued interest receivable	84,462	219,511
Increase in accrued interest payable	663	55,602
Net other operating activities	422,073	357,592
Net cash provided by operating activities	2,860,338	3,040,107
INVESTING ACTIVITIES:		
Net increase in loans	(23,788,381)	(3,213,517)
Net increase (decrease) in interest bearing deposits in other banks	332,822	(8,113,706)
Purchase of securities available for sale	(34,701,151)	(12,820,892)
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	12,330,031	6,065,107
Net redemption of restricted equity securities	34,000	188,500
Purchase of premises and equipment	(201,178)	(405,495)
Proceeds from sales of real estate owned	-	9,999
Net cash used in investing activities	(43,260,887)	(10,823,272)
FINANCING ACTIVITIES:		
Net increase in deposits	43,177,108	13,354,466
Net decrease in other borrowings	-	(4,500,000)
Purchase of treasury stock	(1,710,456)	(266,784)
Payments of cash dividends	(567,897)	(589,840)
Net cash provided by financing activities	40,898,755	7,997,842
Net increase in cash and cash equivalents	498,206	214,677
Cash and cash equivalents at beginning of period	1,814,912	1,611,283
Cash and cash equivalents at end of period	$ 2,313,118	$ 1,825,960
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the period for:		
Interest	$ 703,068	$ 707,692
Taxes	$ 821,131	$ 219,195
OTHER NONCASH TRANSACTIONS		
Real estate acquired through foreclosure	$ 86,400	$ 9,032
Internally financed sales of other real estate owned	$ -	$ -