

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

**PINNACLE BANCSHARES ANNOUNCES RESULTS FOR  
THIRD QUARTER ENDED SEPTEMBER 30, 2022**

Jasper, Alabama (October 26, 2022) – Robert B. Nolen, Jr., President and Chief Executive Officer of Pinnacle Bancshares, Inc. (OTCBB: PCLB), today announced Pinnacle’s third quarter results of operations.

- For the three months ended September 30, 2022, Pinnacle reported net income of \$1,168,000 compared to \$1,829,000 for the three months ended September 30, 2021.
- For the nine months ended September 30, 2022, Pinnacle reported net income of \$3,488,000 compared to \$3,720,000 for the nine months ended September 30, 2021.
- Included in net interest income for each of the three months ended September 30, 2022 and 2021 are Paycheck Protection Program (“PPP”) amortized loan fees of approximately \$36,000 and \$240,000, respectively. Included in net interest income for each of the nine months ended September 30, 2022 and 2021 are PPP amortized loan fees of approximately \$226,000 and \$431,000, respectively.
- Bank-owned life insurance income, which is included in non-interest income, was approximately \$96,000 and \$288,000 for the three months and nine months ended September 30, 2022 as compared to \$820,000 and \$1,015,000 for the three months and nine months ended September 30, 2021.
- Gain on sale of available for sales of securities in the amount of approximately \$227,000 was recorded during both the three and nine months ended September 30, 2021. There were no gains on sale of available for sales of securities recorded during the three months and nine months ended September 30, 2022.
- Basic and diluted earnings per share for the three and nine months ended September 30, 2022 were \$1.28 and \$3.67 per share, respectively, compared to \$1.88 and \$3.82 per share, respectively, for the same periods last year.
- For the three and nine months ended September 30, 2022, return on average assets was 1.42%, and 1.37%, respectively, compared to 2.19% and 1.59%, respectively, in the comparable 2021 period.

Pinnacle’s net interest margin was 3.37% and 3.31% for the three and nine months ended September 30, 2022, respectively, compared to 3.52% and 3.49% for the three and nine months ended September 30, 2021, respectively.

At September 30, 2022, Pinnacle’s allowance for loan losses as a percent of total loans was 2.12%, compared to 2.02% at December 31, 2021. Nonperforming assets were \$46,000 at September 30, 2022, compared to \$30,000 at December 31, 2021. The ratio of nonperforming assets to total loans was .04% and .01% at September 30, 2022 and December 31, 2021, respectively. All capital ratios are higher than the requirements for a well-capitalized institution.

Dividends of \$.25 and \$.75 per share were paid to shareholders during the three and nine months ended for September 30, 2022 as compared to \$.22 and \$.66 per share paid during the three and nine months ended for September 30, 2021.

### ***Effects of Inflation***

Inflation has caused a substantial rise in interest rates during 2022 which has had a negative effect in the securities market. As a result of rising interest rates, the Company has recorded an accumulated other comprehensive loss on securities available for sale of approximately \$30.4 million as compared to recording other comprehensive income in the amount of \$1.5 million as of December 31, 2022. Thus, this has caused the decrease in total equity during 2022 even though net earnings has been strong. Although these unrealized losses recorded as of September 30, 2022 were significant, management does not anticipate these losses to be other than temporary as these unrealized losses do not currently appear related to any credit deterioration within the portfolio but from higher interest rates.

### ***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 September 30,</b>	
	<b>2022</b>	<b>2021</b>
Net income	\$ 1,168,000	\$ 1,829,000
Basic and diluted earnings per share	\$ 1.28	\$ 1.88
Performance ratios (annualized):		
Return on average assets	1.42%	2.19%
Return on average equity	14.18%	22.21%
Interest rate spread	3.26%	3.42%
Net interest margin	3.37%	3.52%
Operating cost to assets	2.23%	2.42%
Weighted average basic and diluted shares outstanding	909,534	971,234
Dividends per share	\$ 0.25	\$ 0.22
Provision for loan losses	\$ -	\$ -
	<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
Net income	\$ 3,488,000	\$ 3,720,000
Basic and diluted earnings per share	\$ 3.67	\$ 3.82
Performance ratios (annualized):		
Return on average assets	1.37%	1.59%
Return on average equity	13.36%	15.58%
Interest rate spread	3.22%	3.40%
Net interest margin	3.31%	3.49%
Operating cost to assets	2.11%	2.30%
Weighted average basic and diluted shares outstanding	949,699	972,740
Dividends per share	\$ 0.75	\$ 0.66
Provision for loan losses	\$ -	\$ -
	<b>September 30, 2022</b>	<b>(Audited) December 31, 2021</b>
Total assets	\$ 326,478,000	\$ 339,710,000
Loans receivable, net	\$ 114,443,000	\$ 122,659,000
Deposits	\$ 317,216,000	\$ 298,693,000
Brokered CD's included in deposits	\$ 11,752,000	\$ 24,937,000
Total stockholders' equity	\$ 4,375,000	\$ 35,659,000
Book value per share (excluding OCI)	\$ 38.30	\$ 35.15
Average Stockholders' equity to assets ratio (excluding OCI)	10.22%	10.19%
Asset quality ratios:		
Nonperforming loans as a percent of total loans	.04%	.01%
Nonperforming assets as a percent of total loans	.04%	.01%
Allowance for loan losses as a percent of total loans	2.12%	2.02%
Allowance for loan losses as a percent of nonperforming loans	5,631.82%	8,460.00%

**FINANCIAL INFORMATION**

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

	<i>(Unaudited)</i> <b>September 30,</b> <b>2022</b>	<i>(Audited)</i> <b>December 31,</b> <b>2021</b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 1,909,869	1,730,327
Interest bearing deposits in banks	7,040,876	11,146,497
Securities available for sale	170,890,286	183,516,514
Restricted equity securities	773,600	741,600
Loans	116,921,751	125,196,462
Less Allowance for loan losses	2,478,124	2,537,948
Loans, net	114,443,627	122,658,514
Premises and equipment, net	7,044,058	7,015,537
Right-of-use lease assets – operating	422,266	493,627
Goodwill	306,488	306,488
Bank owned life insurance	10,110,360	9,822,441
Accrued interest receivable	1,523,989	1,917,598
Other assets	12,012,997	361,228
<b>Total assets</b>	<b>\$ 326,478,416</b>	<b>339,710,371</b>
<b><u>Liabilities and Stockholders' Equity</u></b>		
Deposits		
Noninterest-bearing	\$ 92,922,609	88,430,320
Interest-bearing	224,292,897	210,262,213
Total deposits	317,215,506	298,692,533
Subordinated debentures	3,093,000	3,093,000
Accrued interest payable	127,749	77,843
Operating lease liabilities	422,266	493,627
Other liabilities	1,244,783	1,694,225
<b>Total liabilities</b>	322,103,304	304,051,228
Stockholders' equity		
Common stock, par value \$.01 per share; 2,400,000 authorized; 1,872,313 issued; 909,534 and 970,791 shares outstanding, respectively	18,723	18,723
Additional paid-in capital	8,923,223	8,923,223
Treasury stock (962,779 and 901,522 shares, respectively)	(15,588,799)	(13,533,621)
Retained earnings	41,485,970	38,710,339
Accumulated other comprehensive income (loss), net of tax	(30,464,005)	1,540,479
<b>Total stockholders' equity</b>	4,375,112	35,659,143
<b>Total liabilities and stockholders' equity</b>	<b>\$ 326,478,416</b>	<b>\$ 339,710,371</b>

**PINNACLE BANCSHARES, INC.**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Interest income</b>				
Loans, including fees	\$ 1,600,000	\$ 1,718,950	\$ 4,845,439	\$ 4,783,409
Securities available for sale	1,405,805	1,113,658	3,987,827	3,145,204
Other interest	52,659	15,752	98,418	26,804
<b>Total interest income</b>	<u>3,058,464</u>	<u>2,848,360</u>	<u>8,931,684</u>	<u>7,955,417</u>
<b>Interest expense</b>				
Deposits	155,403	94,842	386,708	283,524
Borrowings	810	-	810	795
Subordinated debentures	38,600	37,550	113,910	113,600
<b>Total interest expense</b>	<u>194,813</u>	<u>132,392</u>	<u>501,428</u>	<u>397,919</u>
<b>Net interest income</b>	2,863,651	2,715,968	8,430,256	7,557,498
Provision for loan losses	-	-	-	-
<b>Net interest income after provision for loan losses</b>	<u>2,863,651</u>	<u>2,715,968</u>	<u>8,430,256</u>	<u>7,557,498</u>
<b>Other income</b>				
Fees and service charges on deposit accounts	379,232	393,121	1,119,851	1,093,172
Service fee income, net	837	992	2,534	3,051
Bank owned life insurance	95,973	819,545	287,919	1,015,480
Mortgage fee income	509	12,164	27,757	29,638
Net gain on securities available for sale	-	227,238	-	227,238
<b>Total other income</b>	<u>476,551</u>	<u>1,453,060</u>	<u>1,438,061</u>	<u>2,368,579</u>
<b>Other expense:</b>				
Salaries and employee benefits	1,017,682	1,072,154	3,069,520	2,996,969
Occupancy expense	226,707	229,893	660,263	664,200
Marketing and professional expense	72,903	65,957	201,568	198,121
Other operating expenses	518,116	651,548	1,447,580	1,530,160
<b>Total other expenses</b>	<u>1,835,408</u>	<u>2,019,552</u>	<u>5,378,931</u>	<u>5,389,450</u>
<b>Income before income taxes</b>	1,504,794	2,149,476	4,489,386	4,536,627
<b>Income tax expense</b>	<u>336,763</u>	<u>320,111</u>	<u>1,000,976</u>	<u>816,550</u>
<b>Net income</b>	<u>\$ 1,168,031</u>	<u>\$1,829,365</u>	<u>\$ 3,488,410</u>	<u>\$ 3,720,077</u>
<b>Cash dividend per share</b>	<u>\$ 0.25</u>	<u>\$ 0.22</u>	<u>\$ 0.75</u>	<u>\$ 0.66</u>
<b>Basic and diluted earnings per share</b>	<u>\$ 1.28</u>	<u>\$ 1.88</u>	<u>\$ 3.67</u>	<u>\$ 3.82</u>
<b>Weighted –average basic and diluted shares outstanding</b>	<u>909,534</u>	<u>971,234</u>	<u>949,699</u>	<u>997,740</u>

**PINNACLE BANCSHARES, INC.**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**Nine Months Ended September 30, 2022 and 2021**

	<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>Comprehensive</u>	<u>Equity</u>
<b>Balance December 31, 2010</b>	1,872,313	\$ 18,723	\$ 8,923,223	\$ (13,441,345)	\$ 34,874,072	\$ 3,957,193	\$ 34,331,866
Net income	-	-	-	-	3,720,077	-	3,720,077
Cash dividends declared (\$ .66 per share)	-	-	-	-	(641,916)	-	(641,916)
Purchase of treasury stock	-	-	-	(92,276)	-	-	(92,276)
Other comprehensive loss	-	-	-	-	-	(1,512,090)	(1,512,090)
<b>Balance September 30, 2021</b>	<u>1,872,313</u>	<u>\$ 18,723</u>	<u>\$ 8,923,223</u>	<u>\$ (13,533,621)</u>	<u>\$ 37,952,233</u>	<u>\$ 2,445,103</u>	<u>\$ 35,805,661</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>Comprehensive</u>	<u>Stockholders'</u>
			<u>Capital</u>			<u>Income (Loss)</u>	<u>Equity</u>
<b>Balance December 31, 2021</b>	1,872,313	\$ 18,723	\$ 8,923,223	\$ (13,533,621)	\$ 38,710,339	\$ 1,540,479	\$ 35,659,143
Net income	-	-	-	-	3,488,410	-	3,488,410
Cash dividends declared (\$ .75 per share)	-	-	-	-	(712,779)	-	(712,779)
Purchase of treasury stock	-	-	-	(2,055,178)	-	-	(2,055,178)
Other comprehensive loss	-	-	-	-	-	(32,004,484)	(32,004,484)
<b>Balance September 30, 2022</b>	<u>1,872,313</u>	<u>\$ 18,723</u>	<u>\$ 8,923,223</u>	<u>\$ (15,588,799)</u>	<u>\$ 41,485,970</u>	<u>\$ (30,464,005)</u>	<u>\$ 4,375,112</u>

**PINNACLE BANCSHARES, INC.**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>For the Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 3,488,410	\$ 3,720,077
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	322,633	332,075
Net investment amortization expense	163,944	239,487
Net (increase) decrease in bank owned life insurance	(287,919)	565,062
Gain on sale of securities available for sale	-	(227,238)
Decrease in accrued interest receivable	393,609	90,082
Increase (decrease) in accrued interest payable	49,906	(55,607)
Net other operating activities	(197,719)	915,738
Net cash provided by operating activities	3,932,864	5,579,676
<b>INVESTING ACTIVITIES:</b>		
Net (increase) decrease in loans	8,214,887	(14,698,376)
Net (increase) decrease in interest bearing deposits in other banks	4,105,621	(1,537,109)
Purchase of securities available for sale	(40,160,098)	(68,497,440)
Proceeds from sale of securities available for sale	-	7,752,740
Proceeds from maturing, calls, and payments received on securities available for sale	8,714,406	12,328,077
Net (purchase) redemption of restricted equity securities	(32,000)	69,500
Purchase of premises and equipment	(351,154)	(841,123)
Net cash used in investing activities	(19,508,338)	(65,423,731)
<b>FINANCING ACTIVITIES:</b>		
Net increase in deposits	18,522,973	60,601,325
Purchase of treasury stock	(2,055,178)	(92,276)
Payments of cash dividends	(712,779)	(641,916)
Net cash provided by financing activities	15,755,016	59,867,133
<b>Net increase in cash and cash equivalents</b>	179,542	23,078
Cash and cash equivalents at beginning of period	1,730,327	2,080,667
Cash and cash equivalents at end of period	\$ 1,909,869	\$ 2,103,745
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid during the period for:		
Interest	\$ 451,522	\$ 453,526
Taxes	\$ 1,008,568	\$ 713,000
<b>OTHER NONCASH TRANSACTIONS</b>		
Real estate acquired through foreclosure	\$ -	\$ -
Internally financed sales of other real estate owned	\$ -	\$ -