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## **PINNACLE BANCSHARES ANNOUNCES RESULTS FOR SECOND QUARTER ENDED JUNE 30, 2024**

Jasper, Alabama (July 30, 2024) – Robert B. Nolen, Jr., President and Chief Executive Officer of Pinnacle Bancshares, Inc. (OTCBB: PCLB), today announced the Company’s second quarter results of operations.

- For the three months ended June 30, 2024, Pinnacle’s basic/diluted earnings per share was \$1.11 as compared to \$1.26 per share for the three months ended June 30, 2023. Net income for the three months ended June 30, 2024 was \$1,007,000 as compared to \$1,145,000 for the three months ended June 30, 2023 and \$981,000 for the three months ended December 31, 2023.
- For the six months ended June 30, 2024, Pinnacle’s basic/diluted earnings per share was \$2.17 as compared to \$2.56 per share for the six months ended June 30, 2023. Net income for the six months ended June 30, 2024 was \$1,970,000 as compared to \$2,325,000 for the six months ended June 30, 2023.
- For the three and six months ended June 30, 2024, return on average assets was 1.18%, and 1.15%, respectively, compared to 1.36% and 1.38%, respectively, in the comparable 2023 period.

The Company’s net interest margin was 3.22% and 3.15% for the three and six months ended June 30, 2024, respectively, as compared to 3.35% and 3.43% for the three and six months ended June 30, 2023. The Company anticipates that interest expense relating to its funding will continue to increase during the remainder of the year as a result of several factors such as increased deposit exception pricing and increased deposit migration to higher yielding deposit products.

At June 30, 2024, the Company’s allowance for loan losses as a percent of total loans was 1.92%, compared to 1.96% at December 31, 2023. There were no nonperforming assets as of June 30, 2024 as well as December 31, 2023.

Pinnacle Bank was classified as “well capitalized” at June 30, 2024. All capital ratios are significantly higher than the requirements for a well-capitalized institution. As of June 30, 2024, the Bank’s common equity Tier 1 capital and Tier 1 risk-based capital ratios were each 18.58%. As of June 30, 2024, its total capital ratio was 19.71%, and its Tier 1 leverage ratio was 11.62%.

Dividends of \$.27 and \$.54 per share were paid to shareholders during the three and six months ended for both June 30, 2024 and 2023.

Management believes that the Company has sufficient liquidity through its low loan to deposit ratio at June 30, 2024, as well as available funding from outside sources. Our net funding availability, as a percentage of our franchise funding, is 104.46% as compared to our established minimal limit of 25%. In addition, the Bank provides access to additional FDIC insurance coverage for accounts that would otherwise exceed deposit insurance coverage.

The Company's total deposits at June 30, 2024 decreased approximately \$1 million, or less than 1%, as compared to December 31, 2023. As mentioned previously, pricing of deposits is anticipated to become more competitive during the remainder of the year, and thus deposits could continue to decrease as they did during the first half of 2024.

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

Inflation caused a substantial rise in interest rates during 2023 which has had a negative effect in the securities market. As a result of rising interest rates, the Company recorded an accumulated other comprehensive loss on securities available for sale of approximately \$26.9 million as of June 30, 2024 as compared to \$26.7 million as of December 31, 2023. Although these unrealized losses recorded as of June 30, 2024 and December 31, 2023 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. In addition, these losses do not impact our regulatory capital ratios.

### ***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>2024</b>	<b>2023</b>
Net income	\$ 1,007,000	\$ 1,145,000
Basic and diluted earnings per share	\$ 1.11	\$ 1.26
Performance ratios (annualized):		
Return on average assets	1.18%	1.36%
Return on average equity (excluding OCI)	9.96%	12.30%
Interest rate spread	2.69%	3.04%
Net interest margin	3.22%	3.35%
Operating cost to assets	2.42%	2.25%
Weighted average basic and diluted shares outstanding	909,347	909,534
Dividends per share	\$ 0.27	\$ 0.27
Provision for loan losses	\$ -	\$ -

	<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Net income	\$ 1,970,000	\$ 2,325,000
Basic and diluted earnings per share	\$ 2.17	\$ 2.56
Performance ratios (annualized):		
Return on average assets	1.15%	1.38%
Return on average equity (excluding OCI)	9.84%	12.64%
Interest rate spread	2.62%	3.20%
Net interest margin	3.15%	3.43%
Operating cost to assets	2.38%	2.31%
Weighted average basic and diluted shares outstanding	909,441	909,534
Dividends per share	\$ 0.54	\$ 0.54
Provision for loan losses	\$ -	\$ -

	<i>(Audited)</i>	
	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Total assets	\$ 346,463,000	\$ 342,578,000
Loans receivable, net	\$ 122,713,000	\$ 122,973,000
Deposits	\$ 310,309,000	\$ 311,339,000
Brokered CD's included in deposits	\$ 11,958,000	\$ 11,907,000
Total stockholders' equity	\$ 14,074,000	\$ 12,787,000
Book value per share	\$ 15.49	\$ 14.06
Book value per share (excluding OCI)	\$ 44.66	\$ 43.02
Total average stockholders' equity to assets ratio (excluding OCI)	11.68%	11.25%
Asset quality ratios:		
Nonperforming loans as a percent of total loans	.00%	.00%
Nonperforming assets as a percent of total loans	.00%	.00%
Allowance for loan losses as a percent of total loans	1.92%	1.96%

## FINANCIAL INFORMATION

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

	<i>(Unaudited)</i> June 30, 2024	<i>(Audited)</i> December 31, 2023
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 1,804,554	\$ 2,190,793
Interest bearing deposits in banks	26,909,971	19,518,942
Securities available for sale	162,147,426	165,520,025
Restricted equity securities	954,300	836,200
Loans	125,119,762	125,433,112
Less Allowance for loan losses	2,406,847	2,459,372
Loans, net	122,712,915	122,973,740
Premises and equipment, net	8,451,263	8,421,289
Right-of-use lease assets – operating	281,291	302,171
Goodwill	306,488	306,488
Bank owned life insurance	10,812,011	10,601,839
Accrued interest receivable	2,026,137	2,107,189
Deferred tax assets, net	9,158,960	8,951,799
Other assets	898,016	847,912
<b>Total assets</b>	\$ 346,463,332	\$ 342,578,387
<b><u>Liabilities and Stockholders' Equity</u></b>		
Deposits		
Noninterest-bearing	\$ 92,189,466	\$ 89,518,619
Interest-bearing	218,119,770	221,820,527
Total deposits	310,309,236	311,339,146
Subordinated debentures	3,093,000	3,093,000
Other borrowings	16,500,000	12,500,000
Accrued interest payable	863,883	1,392,273
Operating lease liabilities	281,291	302,171
Other liabilities	1,342,397	1,165,256
<b>Total liabilities</b>	332,389,807	329,791,846
Stockholders' equity		
Common stock, par value \$.01 per share; 2,400,000 authorized; 1,872,313 issued; 908,534 and 909,534 shares outstanding, respectively.	18,723	18,723
Additional paid-in capital	8,923,223	8,923,223
Treasury stock (963,779 and 962,779 shares, respectively)	(15,619,799)	(15,588,799)
Retained earnings	47,251,484	45,772,256
Accumulated other comprehensive loss, net of tax	(26,500,106)	(26,338,862)
<b>Total stockholders' equity</b>	14,073,525	12,786,541
<b>Total liabilities and stockholders' equity</b>	\$ 346,463,332	\$ 342,578,387

**PINNACLE BANCSHARES, INC.**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Interest income</b>				
Loans, including fees	\$ 2,136,245	\$ 1,853,182	\$ 4,162,616	\$ 3,583,300
Securities available for sale	1,326,707	1,382,618	2,662,995	2,795,107
Other interest	340,093	194,438	648,917	338,294
<b>Total interest income</b>	<u>3,803,045</u>	<u>3,430,238</u>	<u>7,474,528</u>	<u>6,716,701</u>
<b>Interest expense</b>				
Deposits	757,324	382,578	1,518,271	609,629
Borrowings and repurchase agreements	190,262	138,121	369,065	140,330
Subordinated debentures	39,050	39,050	78,100	78,100
<b>Total interest expense</b>	<u>986,636</u>	<u>559,749</u>	<u>1,965,436</u>	<u>828,059</u>
<b>Net interest income</b>	2,816,409	2,870,489	5,509,092	5,888,642
Provision for loan losses	-	-	-	-
<b>Net interest income after provision for loan losses</b>	<u>2,816,409</u>	<u>2,870,489</u>	<u>5,509,092</u>	<u>5,888,642</u>
<b>Other income</b>				
Fees and service charges on deposit accounts	423,780	389,931	848,623	752,226
Service fee income, net	-	716	743	1,487
Bank owned life insurance	106,500	97,806	210,172	196,612
Mortgage fee income	2,522	5,065	4,653	10,768
<b>Total other income</b>	<u>532,802</u>	<u>493,518</u>	<u>1,064,191</u>	<u>961,093</u>
<b>Other expense:</b>				
Salaries and employee benefits	1,158,295	1,100,851	2,295,710	2,236,649
Occupancy expense	320,432	216,178	633,103	456,339
Marketing and professional expense	72,425	67,772	147,288	136,591
Other operating expenses	519,858	506,441	999,681	1,049,113
<b>Total other expenses</b>	<u>2,071,010</u>	<u>1,891,242</u>	<u>4,075,782</u>	<u>3,878,692</u>
<b>Income before income taxes</b>	1,278,201	1,472,765	2,497,501	2,971,043
<b>Income tax expense</b>	<u>271,395</u>	<u>327,829</u>	<u>527,125</u>	<u>645,934</u>
<b>Net income</b>	<u>\$ 1,006,806</u>	<u>\$ 1,144,936</u>	<u>\$ 1,970,376</u>	<u>\$ 2,325,109</u>
<b>Cash dividend per share</b>	<u>\$ 0.27</u>	<u>\$ 0.27</u>	<u>\$ 0.54</u>	<u>\$ 0.54</u>
<b>Basic and diluted earnings per share</b>	<u>\$ 1.11</u>	<u>\$ 1.26</u>	<u>\$ 2.17</u>	<u>\$ 2.56</u>
<b>Weighted –average basic and diluted shares outstanding</b>	<u>909,347</u>	<u>909,534</u>	<u>909,441</u>	<u>909,534</u>

**PINNACLE BANCSHARES, INC.**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**Six Months Ended June 30, 2024 and 2023**

	<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>Loss</u>	<u>Equity</u>
<b>Balance December 31, 2022</b>	1,872,313	\$ 18,723	\$ 8,923,223	\$ (15,588,799)	\$ 42,274,372	\$ (29,889,603)	\$ 5,737,916
Net income	-	-	-	-	2,325,109	-	2,325,109
Cash dividends declared (\$ .54 per share)	-	-	-	-	(491,147)	-	(491,147)
Other comprehensive income	-	-	-	-	-	2,413,976	2,413,976
<b>Balance June 30, 2023</b>	<u>1,872,313</u>	<u>\$ 18,723</u>	<u>\$ 8,923,223</u>	<u>\$ (15,588,799)</u>	<u>\$ 44,108,334</u>	<u>\$ (27,465,627)</u>	<u>\$ 9,985,854</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>Loss</u>	<u>Equity</u>
<b>Balance December 31, 2023</b>	1,872,313	\$ 18,723	\$ 8,923,223	\$ (15,588,799)	\$ 45,772,256	\$ (26,338,862)	\$ 12,786,541
Net income	-	-	-	-	1,970,376	-	1,970,376
Cash dividends declared (\$ .54 per share)	-	-	-	-	(491,148)	-	(491,148)
Purchase of treasury stock	-	-	-	(31,000)	-	-	(31,000)
Other comprehensive loss	-	-	-	-	-	(161,244)	(161,244)
<b>Balance June 30, 2024</b>	<u>1,872,313</u>	<u>\$ 18,723</u>	<u>\$ 8,923,223</u>	<u>\$ (15,619,799)</u>	<u>\$ 47,251,484</u>	<u>\$ (26,500,106)</u>	<u>\$ 14,073,525</u>

**PINNACLE BANCSHARES, INC,**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>For the Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 1,970,376	\$ 2,325,109
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	261,892	199,301
Net investment amortization expense	101,905	85,736
Bank owned life insurance	(210,172)	(196,612)
Decrease in accrued interest receivable	81,052	71,241
(Increase) decrease in accrued interest payable	(528,390)	363,105
Net other operating activities	58,211	(9,928)
Net cash provided by operating activities	1,734,874	2,837,952
<b>INVESTING ACTIVITIES:</b>		
Net (increase) decrease in loans	260,825	(241,853)
Net increase in interest bearing deposits in other banks	(7,391,029)	(7,237,446)
Proceeds from maturing, sale and payments received on securities available for sale	2,971,115	6,094,227
Net (purchase) redemption of restricted equity securities	(118,100)	3,800
Purchase of premises and equipment	(291,866)	(1,244,094)
Net cash used in investing activities	(4,569,055)	(2,625,366)
<b>FINANCING ACTIVITIES:</b>		
Net decrease in deposits	(1,029,910)	(11,720,282)
Proceeds from other borrowings	16,500,000	16,100,000
Repayments of other borrowings	(12,500,000)	(3,600,000)
Purchase of treasury stock	(31,000)	-
Payments of cash dividends	(491,148)	(491,147)
Net cash provided by financing activities	2,477,942	288,571
<b>Net increase (decrease) in cash and cash equivalents</b>	(386,239)	501,157
Cash and cash equivalents at beginning of period	2,190,793	1,742,938
Cash and cash equivalents at end of period	\$ 1,804,554	\$ 2,244,095
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid during the period for:		
Interest	\$ 2,493,826	\$ 464,954
Taxes	\$ 387,747	\$ 604,928
<b>OTHER NONCASH TRANSACTIONS</b>		
Real estate acquired through foreclosure	\$ -	\$ -
Internally financed sales of other real estate owned	\$ -	\$ -