

Contact: Robert B. Nolen, Jr.
President and Chief
Executive Officer
(205) 221-4111

PINNACLE BANCSHARES ANNOUNCES RESULTS FOR SECOND QUARTER

Jasper, Alabama (August 9, 2010) – 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, 2010, net income was \$118,000, compared with net loss of \$(905,000) for the three months ended June 30, 2009.

For the six months ended June 30, 2010, net income was \$505,000, compared with net loss of \$(567,000) for the three months ended June 30, 2009.

Basic and diluted earnings per share for the three months ended June 30, 2010 were each \$0.09 per share, compared to a loss per share of \$(0.71) each for the same period last year. Basic and diluted earnings per share for the six months ended June 30, 2010 were each \$0.40 per share, compared to a loss per share of \$(0.45) each for the same period last year.

Net interest margin was 3.84% and 3.87% for the three and six months ended June 30, 2010, respectively, compared to 3.86% and 3.73% for the three and six months ended June 30, 2009, respectively.

The provision for loan losses decreased from \$2,051,000 and \$2,271,000 in the three and six months ended June 30, 2009, respectively, to \$750,000 and \$925,000 in the three and six months ended June 30, 2010, respectively.

At June 30, 2010, the Company's allowance for loan losses as a percent of total loans was 2.18%, compared to 2.82% at June 30, 2009 and 2.80% at December 31, 2009. At June 30, 2010, the Company's allowance for loan losses as a percent of nonperforming loans was 150.54%, compared to 1074.78%, at March 31, 2009 and 346.99% at December 31, 2009. Based on current real estate valuations, Pinnacle believes its allowance for loan losses is adequate. If economic conditions do not improve, additional charge-offs and increases in the allowance may be necessary.

Net charge-offs were \$750,000 and \$1,117,000, for the three and six months ended June 30, 2010, respectively, compared to \$132,000 and \$156,000 in the three and six months ended June 30, 2009, respectively. Non-performing loans increased to 1.45% of loans at June 30, 2010, compared to 0.81% at December 31, 2009. Non-performing assets increased to 1.01% of assets at June 30, 2010, compared to 0.65% as of December 31, 2009.

Mr. Nolen reminded investors that, although Pinnacle remains well capitalized and has been able to avoid liquidity issues, the Company is operating in a challenging and uncertain economic environment. Financial institutions have been, and continue to be, affected by significant declines in economic conditions and constrained financial markets. Pinnacle retains direct exposure to the commercial and residential real estate markets.

The Company believes declines in economic conditions and financial stresses on borrowers as a result of the uncertain economic environment, including job losses, could have an adverse affect on Pinnacle's borrowers or their customers, which could adversely affect Pinnacle's financial condition and results of operations. In addition, deterioration in local economic conditions in Pinnacle's markets could drive losses beyond those which are provided for in the allowance for loan losses and result in a number of adverse consequences, including increases in loan delinquencies; increases in nonperforming assets; decreases in demand for Pinnacle's products and services, which could affect Pinnacle's liquidity position; and decreases in the value of the collateral securing Pinnacle's loans, which could reduce customers' borrowing power.

Mr. Nolen noted that the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act implements significant changes in the financial regulatory landscape and will impact all financial institutions, including Pinnacle. While the Act is likely to increase Pinnacle's regulatory compliance burden, Mr. Nolen commented that it is too early to assess its full impact, in part because the Act's provisions require subsequent regulatory rulemaking. It is anticipated that, when adopted, these new regulations will require the Company to invest significant management attention and resources to evaluate and implement necessary changes.

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 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,	
	2010	2009
Net income (loss)	\$ 118,000	\$ (905,000)
Basic earnings (loss) per share	\$ 0.09	\$ (071)
Diluted earnings (loss) per share	\$ 0.09	\$ (071)
Performance ratios (annualized):		
Return on average assets	0.21%	(1.65%)
Return on average equity	2.20%	(17.23%)
Interest rate spread	3.81%	3.80%
Net interest margin	3.84%	3.86%
Operating cost to assets	2.94%	3.06%
Weighted average basic shares outstanding	1,270,128	1,270,128
Weighted average diluted shares outstanding	1,270,128	1,270,128
Dividends per share	\$ 0.11	\$ 0.11
Provision for loan losses	\$ 750,000	\$ 2,051,000
	Six Months Ended June 30,	
	2010	2009
Net income (loss)	\$ 505,000	\$ (567,000)
Basic earnings (loss) per share	\$ 0.40	\$ (0.45)
Diluted earnings (loss) per share	\$ 0.40	\$ (0.45)
Performance ratios (annualized):		
Return on average assets	0.46%	(0.51%)
Return on average equity	4.75%	(5.42%)
Interest rate spread	3.86%	3.71%
Net interest margin	3.87%	3.73%
Operating cost to assets	2.87%	2.94%
Weighted average basic shares outstanding	1,270,128	1,270,128
Weighted average diluted shares outstanding	1,270,128	1,270,128
Dividends per share	\$ 0.22	\$ 0.22
Provision for loan losses	\$ 925,000	\$ 2,271,000

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Total assets	\$ 220,659,000	\$ 216,668,000
Loans receivable, net	\$ 118,262,000	\$ 123,876,000
Deposits	\$ 193,112,000	\$ 190,892,000
Total stockholders' equity	\$ 21,554,000	\$ 20,643,000
Book value per share	\$ 16.97	\$ 16.25
Stockholders' equity to assets ratio	9.77%	9.53%
Asset quality ratios:		
Nonperforming loans as a percent of total loans	1.45%	0.81%
Nonperforming assets as a percent of total assets	1.01%	0.65%
Allowance for loan losses as a percent of total loans	2.18%	2.80%
Allowance for loan losses as a percent of nonperforming loans	150.54%	346.99%