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PINNACLE BANCSHARES ANNOUNCES RESULTS FOR THIRD QUARTER

Jasper, Alabama (November 17, 2011) – 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, 2011, net income was \$429,000, compared with net income of \$153,000 for the three months ended September 30, 2010.
- For the nine months ended September 30, 2011, net income was \$776,000, compared with net income of \$658,000 for the nine months ended September 30, 2010.
- Basic and diluted earnings per share for the three and nine periods ended September 30, 2011 were each \$0.34 and \$0.61 per share, respectively, compared to \$0.12 and \$0.52 each, respectively, for the same periods last year.

Mr. Nolen commented: "We continue to implement our strategy to provide products and services to our local customers. We focus on loan quality and closely monitor our expenses, which should enhance our performance in a challenging environment. Although loan growth has been limited, Pinnacle's core deposits have remained strong, and we have conservatively managed our investment portfolio, which we expect will provide significant flexibility if loan volumes begin to increase."

Mr. Nolen observed: "The Company's net interest margin was 4.14% and 4.09% for the three and nine months ended September 30, 2011, respectively, compared to 4.13% and 3.95% in the three and nine months ended September 30, 2010, respectively. Net interest margin for the three and six months ended June 30, 2011 was 4.19% and 4.17%, respectively. Non-interest income levels have been maintained above peer group average, and non-interest expenses have been maintained well below peer group average."

At September 30, 2011, the Company's allowance for loan losses as a percent of total loans was 2.54%, compared to 2.51% at June 30, 2011 and 2.11% at December 31, 2010. At September 30, 2011, the Company's allowance for loan losses as a percent of nonperforming loans was 223.09%, compared to 221.67% at June 30, 2011 and 161.00% at December 31, 2010. Based on current real estate valuations, Pinnacle believes, its allowance for loan losses at September 30, 2011 was adequate. If economic conditions do not improve, additional charge-offs and increases in the allowance may be necessary.

Net charge-offs were \$206,000 and \$940,000 for the three and nine months ended September 30, 2011, respectively, compared to \$356,000 and \$2,232,000 in the three and nine months ended September 30, 2010, respectively. Net charge-offs for the three and six months ended June 30, 2011 were \$383,000 and \$631,000, respectively. Non-performing loans were 1.14% of loans at September 30, 2011, compared to 1.13% at June 30, 2011 and 1.31% at December 31, 2010. Non-performing assets were 0.91% of assets at September 30, 2011, compared to .91% as of June 30, 2010 and 1.82% as of December 31, 2010. "The declining level of charge-offs in the third quarter and the declining level of non-performing loans during the year reflect our aggressive efforts to address problem loan issues," said Mr. Nolen.

Mr. Nolen noted: "Our capital ratios have improved, and remain well above peer group levels. In addition, our liquidity remains strong. Although we continue to be well capitalized and have been able to avoid liquidity issues, we are operating in challenging and uncertain economic and regulatory environments. Financial institutions in Alabama and throughout the U. S. have been, and will continue to be, affected by significant declines in economic and employment conditions and constrained financial markets. Like most community financial institutions, Pinnacle remains exposed to the residential and commercial real estate markets."

Pinnacle believes declines in economic conditions and financial stresses as a result of the uncertain economic environment, including job losses, have had and could continue to have an adverse affect on its borrowers or their customers, which could adversely affect our financial condition and results of operations.

Deterioration in local economic conditions in Pinnacle's markets could drive losses beyond those which have been 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.

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 commercial bank subsidiary Pinnacle Bank has seven offices located in central and northwest Alabama.

PINNACLE BANCSHARES, INC.
Unaudited Financial Highlights

| | Three Months Ended | | |
|--|-----------------------|-----------------------|------------------|
| | September 30, 2011 | September 30, 2010 | June 30, 2010 |
| Net income | \$ 429,000 | \$ 153,000 | \$ 304,000 |
| Basic and diluted earnings per share | \$ 0.34 | \$ 0.12 | \$ 0.24 |
| Performance ratios (annualized): | | | |
| Return on average assets | 0.83% | 0.30% | 0.59% |
| Return on average equity | 7.89% | 2.80% | 5.79% |
| Interest rate spread | 4.08% | 4.11% | 4.17% |
| Net interest margin | 4.09% | 4.13% | 4.19% |
| Operating costs to assets | 3.28% | 3.12% | 3.18% |
| Weighted average basic and diluted shares outstanding | | | |
| | 1,270,128 | 1,270,128 | 1,270,128 |
| Dividends per share | \$ 0.11 | \$ 0.11 | \$ 0.11 |
| Provision for loan losses | \$ 100,000 | \$ 690,000 | \$ 350,000 |

| | Nine Months Ended September 30, | |
|--|---------------------------------|--------------|
| | 2011 | 2010 |
| Net income | \$ 776,000 | \$ 658,000 |
| Basic and diluted earnings per share | \$ 0.61 | \$ 0.52 |
| Performance ratios (annualized): | | |
| Return on average assets | 0.50% | 0.41% |
| Return on average equity | 4.87% | 4.09% |
| Interest rate spread | 4.13% | 3.93% |
| Net interest margin | 4.14% | 3.95% |
| Operating costs to assets | 3.29% | 2.95% |
| Weighted average basic and diluted shares outstanding | | |
| | 1,270,128 | 1,270,128 |
| Dividends per share | \$ 0.33 | \$ 0.33 |
| Provision for loan losses | \$ 1,050,000 | \$ 1,615,000 |

| | September 30, 2011 | June 30, 2011 | December 31, 2010 |
|--|-----------------------|------------------|----------------------|
| Total assets | \$ 208,061,000 | \$ 204,787,000 | \$ 200,890,000 |
| Loans receivable, net | \$ 101,868,000 | \$ 104,441,000 | \$ 113,165,000 |
| Deposits | \$ 180,570,000 | \$ 178,855,000 | \$ 175,374,000 |
| Total stockholders' equity | \$ 22,079,000 | \$ 21,268,000 | \$ 20,653,000 |
| Book value per share | \$ 17.38 | \$ 16.74 | \$ 16.26 |
| Stockholders' equity to assets ratio | 10.61% | 10.39% | 10.28% |
| Asset quality ratios: | | | |
| Nonperforming loans as a percent of total loans | 1.14% | 1.13% | 1.31% |
| Nonperforming assets as a percent of total assets | 0.91% | 0.91% | 1.82% |
| Allowance for loan losses as a percent of total loans | 2.54% | 2.51% | 2.11% |
| Allowance for loan losses as a percent of nonperforming loans | 223.09% | 221.67% | 161.00% |

FINANCIAL INFORMATION

PINNACLE BANCSHARES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

| | September 30, 2011 | December 31, 2010 |
|---|-----------------------|-----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 3,033,388 | \$ 3,486,659 |
| Interest-bearing deposits in other banks | 17,327,937 | 3,148,883 |
| Securities available-for-sale | 68,302,033 | 63,140,124 |
| Restricted equity securities | 1,035,900 | 1,255,200 |
| Loans held for sale | 270,434 | 251,141 |
| Loans receivable, net of allowances for loan losses of \$2,657,452 and \$2,443,604 respectively | 101,867,843 | 113,157,873 |
| Real estate owned, net | 703,830 | 587,450 |
| Premises and equipment, net | 6,179,574 | 6,488,537 |
| Goodwill | 306,488 | 306,488 |
| Bank owned life insurance | 7,032,326 | 6,777,100 |
| Accrued interest receivable | 1,089,879 | 1,034,539 |
| Other assets | 911,555 | 1,249,028 |
| Total assets | 208,061,187 | 200,883,022 |
| Liabilities and stockholders' equity | | |
| Deposits | \$180,569,873 | \$ 175,374,334 |
| Subordinated debt | 3,093,000 | 3,093,000 |
| Official checks outstanding | 682,874 | 423,622 |
| Accrued interest payable | 214,299 | 353,564 |
| Other liabilities | 1,422,519 | 985,544 |
| Total liabilities | 185,982,565 | 180,230,064 |
| Stockholders' equity | | |
| Common stock, par value \$.01 per share; 2,400,000 authorized; 1,872,313 issued at September 30, 2011 and December 31, 2010, respectively; 1,270,128 outstanding at September 30, 2011 and December 31, 2010, respectively | 18,723 | 18,723 |
| Additional paid-in capital | 8,923,223 | 8,923,223 |
| Treasury shares, at cost (602,185 shares outstanding at September 30, 2011 and December 31, 2010, respectively) | (7,320,909) | (7,320,909) |
| Retained earnings | 18,288,411 | 17,931,987 |
| Accumulated other comprehensive loss, net of tax | 2,169,174 | 1,099,934 |
| Total stockholders' equity | 22,078,622 | 20,652,958 |
| Total liabilities and stockholders' equity | \$ 208,061,187 | \$ 200,883,022 |

PINNACLE BANCSHARES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|------------------|--------------------------|------------------|
| | September 30, | | September 30 | |
| | 2011 | 2010 | 2011 | 2010 |
| INTEREST REVENUE: | | | | |
| Interest on loans | \$1,575,714 | \$1,796,732 | \$4,864,774 | \$5,417,802 |
| Interest and dividends on securities | 625,105 | 601,731 | 1,855,726 | 1,936,465 |
| Other interest | 16,744 | 14,623 | 28,396 | 24,576 |
| | <u>2,217,563</u> | <u>2,413,086</u> | <u>6,748,896</u> | <u>7,378,843</u> |
| INTEREST EXPENSE: | | | | |
| Interest on deposits | 280,957 | 459,105 | 935,453 | 1,544,314 |
| Interest on subordinated debt | 24,997 | 27,185 | 74,835 | 76,815 |
| Interest on borrowed funds | 0 | 0 | 72 | 0 |
| | <u>305,954</u> | <u>486,290</u> | <u>1,010,360</u> | <u>1,621,129</u> |
| NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES | <u>1,911,609</u> | <u>1,926,796</u> | <u>5,738,536</u> | <u>5,757,714</u> |
| PROVISION FOR LOAN LOSSES | <u>100,000</u> | <u>690,000</u> | <u>1,050,000</u> | <u>1,615,000</u> |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | <u>1,811,609</u> | <u>1,236,796</u> | <u>4,688,536</u> | <u>4,142,714</u> |
| NONINTEREST INCOME: | | | | |
| Fees and service charges on deposit accounts | 224,598 | 276,770 | 710,563 | 831,124 |
| Service fee income | 12,453 | 16,435 | 39,476 | 51,904 |
| Fees and charges on loans | 51,377 | 34,825 | 129,891 | 104,011 |
| Bank owned life insurance | 85,075 | 83,347 | 255,225 | 250,040 |
| Net gain on sale or write-down of: | | | | |
| Securities available for sale | 47,316 | 0 | 47,316 | 0 |
| Loans held for sale | 7,697 | 104,716 | 30,996 | 160,951 |
| | <u>428,516</u> | <u>516,093</u> | <u>1,213,467</u> | <u>1,398,030</u> |
| NONINTEREST EXPENSE: | | | | |
| Compensation and benefits | 746,522 | 809,899 | 2,460,832 | 2,434,849 |
| Occupancy | 367,239 | 375,099 | 1,046,051 | 1,090,186 |
| Marketing and professional | 100,516 | 90,781 | 284,312 | 249,195 |
| Loss on sale of real estate | 127,746 | 12,124 | 137,659 | 43,273 |
| Loss on sale of securities available for sale | 0 | 0 | 0 | 23,107 |
| Other | 350,571 | 336,086 | 1,126,547 | 988,129 |
| | <u>1,692,594</u> | <u>1,623,989</u> | <u>5,055,401</u> | <u>4,828,739</u> |
| INCOME BEFORE INCOME TAXES | <u>547,531</u> | <u>128,900</u> | <u>846,602</u> | <u>712,005</u> |
| INCOME TAX EXPENSE (BENEFIT) | <u>118,111</u> | <u>(24,347)</u> | <u>71,040</u> | <u>54,199</u> |
| NET INCOME | <u>\$429,420</u> | <u>\$153,247</u> | <u>\$775,562</u> | <u>\$657,806</u> |
| Cash dividend per share | \$0.11 | \$0.11 | \$0.33 | \$0.33 |
| Basic and diluted earnings per share | \$0.34 | \$0.12 | \$0.61 | \$0.52 |
| Weighted average basic and diluted shares outstanding | 1,270,128 | 1,270,128 | 1,270,128 | 1,270,128 |

PINNACLE BANCSHARES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

| | <u>Common Stock</u> | | Additional | Treasury | Retained | Accumulated | Total |
|---|---------------------|-----------|--------------------|----------------|---------------|--------------|---------------|
| | Shares | Amount | Paid-in Capital | | | Earnings | |
| Balance December 31, 2009 | | \$ 18,723 | \$ | \$ (7,320,909) | \$ 17,836,009 | \$ 1,185,580 | \$ 20,642,626 |
| | 1,872,313 | | 8,923,223 | | | | |
| Net income | 0 | 0 | 0 | 0 | 657,806 | 0 | 657,806 |
| Cash dividends declared (\$.33 per share) | 0 | 0 | 0 | 0 | (419,143) | 0 | (419,143) |
| Other comprehensive income | 0 | 0 | 0 | 0 | 0 | 830,188 | 830,188 |
| Balance September 30, 2010 | 1,872,313 | \$18,723 | \$ | \$ (7,320,909) | \$ 18,074,672 | \$ 2,015,768 | \$ 21,711,477 |
| | | | 8,923,223 | | | | |

| | <u>Common Stock</u> | | Additional | Treasury | Retained | Accumulated | Total |
|---|---------------------|-----------|--------------------|----------------|------------|--------------|---------------|
| | Shares | Amount | Paid-in Capital | | | Earnings | |
| Balance December 31, 2010 | | \$ 18,723 | \$ | \$ (7,320,909) | \$ | \$ 1,099,934 | \$ 20,652,958 |
| | 1,872,313 | | 8,923,223 | | 17,931,987 | | |
| Net income | 0 | 0 | 0 | 0 | 775,562 | 0 | 775,562 |
| Cash dividends declared (\$.33 per share) | 0 | 0 | 0 | 0 | (419,138) | 0 | (419,138) |
| Other comprehensive income | 0 | 0 | 0 | 0 | 0 | 1,069,240 | 1,069,240 |
| Balance September 30, 2011 | 1,872,313 | \$18,723 | \$ | \$ (7,320,909) | \$ | \$ 2,169,174 | \$ 22,078,622 |
| | | | 8,923,223 | | 18,288,411 | | |

PINNACLE BANCSHARES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | For the Nine Months Ended September 30, | |
|---|--|---------------------|
| | 2011 | 2010 |
| OPERATING ACTIVITIES: | | |
| Net income | \$775,562 | \$657,806 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 369,537 | 386,494 |
| Provision for loan losses | 1,050,000 | 1,615,000 |
| (Accretion income) amortization expense, net | (26,727) | (2,807) |
| Provision for losses on real estate owned | (139,215) | (10,000) |
| Bank owned life insurance | (255,226) | (250,039) |
| Gain on sale of loans held for sale | (30,996) | (160,951) |
| Loss on securities available for sale | (47,316) | 23,107 |
| Loss on sale of or write down of real estate owned | 137,659 | 43,273 |
| Proceeds from sales of loans held for sale | 2,959,141 | 11,665,977 |
| Origination of loans held for sale | (2,947,438) | (12,287,194) |
| (Increase) decrease in accrued interest receivable | (55,340) | 29,614 |
| Decrease in other assets | 337,473 | 176,183 |
| Decrease (increase) in accrued interest payable | (139,265) | 69,689 |
| (Increase) decrease in other liabilities | (228,365) | 841,269 |
| Net provided by operating activities | <u>1,759,484</u> | <u>2,797,421</u> |
| INVESTING ACTIVITIES: | | |
| Net loan repayments | 9,534,398 | 6,853,081 |
| Net decrease in federal funds sold | 0 | 1,950,000 |
| Net increase in interest bearing deposits in other banks | (14,179,054) | (7,878,423) |
| Purchase of securities available-for-sale | (17,678,133) | (13,345,612) |
| Proceeds from maturing, sale and payments received on securities available-for-sale | 14,324,847 | 19,987,713 |
| Proceeds from sales of correspondent bank stock | 219,300 | 58,700 |
| Purchase of premises and equipment | (60,574) | (257,123) |
| Proceeds from sales or capital expenditures related to real estate owned | 590,808 | 129,895 |
| Net cash (used in) provided by investing activities | <u>(7,248,408)</u> | <u>7,498,231</u> |
| FINANCING ACTIVITIES: | | |
| Net increase in deposits | 5,195,539 | (10,852,736) |
| (increase) decrease in official checks outstanding | 259,252 | (52,734) |
| Payments of cash dividends | (419,138) | (419,143) |
| Net cash provided by (used in) financing activities | <u>5,035,653</u> | <u>(11,324,613)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | <u>(453,271)</u> | <u>(1,028,961)</u> |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 3,486,659 | 4,530,571 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>\$3,033,388</u> | <u>\$3,501,610</u> |
| SUPPLEMENTAL DISCLOSURES: | | |
| Cash payments for interest on deposits, borrowed funds, and subordinated debentures | \$1,149,625 | \$1,550,440 |
| Cash payments for income taxes | 6,000 | 76,000 |
| OTHER NONCASH TRANSACTIONS | | |
| Real estate acquired through foreclosure | \$705,632 | 252,147 |