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PINNACLE BANCSHARES ANNOUNCES RESULTS FOR SECOND QUARTER

Jasper, Alabama (August 15, 2011) – Robert B. Nolen, Jr., President and Chief Executive Officer of Pinnacle Bancshares, Inc. (OTCBB:PCLB), today announced Pinnacle's first quarter results of operations.

For the three months ended June 30, 2011, net income was \$304,000, compared with net income of \$118,000 for the three months ended June 30, 2010.

For the six months ended June 30, 2011, net income was \$346,000, compared with net income of \$505,000 for the six months ended June 30, 2010.

Basic and diluted earnings per share for the three and six month period ended June 30, 2011 were \$0.24 and \$0.27 per share, respectively, compared to \$0.09 and \$0.40, respectively, for the same period last year.

Mr. Nolen commented: "We continue to implement our strategy to improve our community bank franchise, which provides products and services to our local customers. We focus on loan quality, which is critical for long-term profitability."

Mr. Nolen added: "Despite continued economic stress on community financial institutions in our market area, Pinnacle's net interest income before the loan loss provision has remained strong. We reported an increase in the Company's net interest margin: 4.19% and 4.17% for the three and six months ended June 30, 2011, respectively, compared to 3.84% and 3.87% in the three and six months ended June 30, 2010, 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 June 30, 2011, the Company's allowance for loan losses as a percent of total loans was 2.51%, compared to 2.18% at June 30, 2010 and 2.11% at December 31, 2010. At June 30, 2011, the Company's allowance for loan losses as a percent of nonperforming loans was 221.67%, compared to 150.54%, at June 30, 2010 and 161.00% at December 31, 2010. 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 \$384,000 and \$631,00 for the three and six months ended June 30, 2011, respectively, compared to \$750,000 and \$1,117,000 in the three and six months ended June 30, 2010, respectively. Non-performing loans were 1.13% of loans at June 30, 2011 compared to 1.45% June 30, 2010 and 1.31% at December 31, 2010. Non-performing assets were 0.91% of assets at June 30, 2011 compared to 1.01% as of June 30, 2010 and 1.82% as of December 31, 2010.

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

The Company 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 Pinnacle's borrowers or their customers, which could adversely affect Pinnacle's 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 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,	
	2011	2010
Net income	\$ 304,000	\$ 118,000
Basic and diluted earnings per share	\$ 0.24	\$ 0.09
Performance ratios (annualized):		
Return on average assets	0.59%	0.21%
Return on average equity	5.79%	2.20%
Interest rate spread	4.17%	3.81%
Net interest margin	4.19%	3.84%
Operating cost to assets	3.18%	2.94%
Weighted average basic and diluted		
shares outstanding	1,270,128	1,270,128
Dividends per share	\$ 0.11	\$ 0.11
Provision for loan losses	\$ 350,000	\$ 750,000
	Six Months Ended June 30,	
	June 30, 2011	December 31, 2010
Net income	\$ 346,000	\$ 505,000
Basic and diluted earnings per share	\$ 0.27	\$ 0.40
Performance ratios (annualized):		
Return on average assets	0.34%	0.46%
Return on average equity	3.31%	4.75%
Interest rate spread	4.16%	3.86%
Net interest margin	4.17%	3.87%
Operating cost to assets	3.29%	2.87%
Weighted average basic and diluted		
shares outstanding	1,270,128	1,270,128
Dividends per share	\$ 0.22	\$ 0.22
Provision for loan losses	\$ 950,000	\$ 925,000
	June 30, 2011	December 31, 2010
Total assets	\$ 204,787,000	\$ 200,890,000
Loans receivable, net	\$ 107,441,000	\$ 113,165,000
Deposits	\$ 178,855,000	\$ 175,374,000
Total stockholders' equity	\$ 21,268,000	\$ 20,653,000
Book value per share	\$ 16.74	\$ 16.26
Stockholders' equity to assets ratio	10.39%	10.28%
Asset quality ratios:		
Nonperforming loans as a percent of total loans	1.13%	1.31%
Nonperforming assets as a percent of total assets	0.91%	1.82%
Allowance for loan losses as a percent of total loans	2.51%	2.11%
Allowance for loan losses as a percent of nonperforming loans	221.67%	161.00%

FINANCIAL INFORMATION

PINNACLE BANCSHARES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	<u>June 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Assets		
Cash and cash equivalents	\$ 3,274,360	\$ 3,486,659
Interest-bearing deposits in other banks	7,007,318	3,148,883
Securities available-for-sale	69,804,254	63,140,124
Restricted equity securities	1,108,200	1,255,200
Loans held for sale	0	251,141
Loans receivable, net of allowances for loan losses Of \$2,762,470 and \$2,443,604 respectively	107,440,953	113,157,873
Real estate owned, net	610,209	587,450
Premises and equipment, net	6,259,252	6,488,537
Goodwill	306,488	306,488
Bank owned life insurance	6,947,251	6,777,100
Accrued interest receivable	1,033,804	1,034,539
Other assets	994,661	1,249,028
Total assets	<u>\$ 204,786,750</u>	<u>\$ 200,883,022</u>
Liabilities and stockholders' equity		
Deposits	\$ 178,854,646	\$ 175,374,334
Subordinated debt	3,093,000	3,093,000
Official checks outstanding	413,103	423,622
Accrued interest payable	230,538	353,564
Other liabilities	927,107	985,544
Total liabilities	<u>183,518,394</u>	<u>180,230,064</u>
Stockholders' equity		
Common stock, par value \$.01 per share; 2,400,000 authorized; 1,872,313 issued at June 30, 2011 and December 31, 2010, respectively; 1,270,128 outstanding at June 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 June 30, 2011 and December 31, 2010, respectively)	(7,320,909)	(7,320,909)
Retained earnings	17,998,706	17,931,987
Accumulated other comprehensive loss, net of tax	1,648,613	1,099,934
Total stockholders' equity	<u>21,268,356</u>	<u>20,652,958</u>
Total liabilities and stockholders' equity	<u>\$ 204,786,750</u>	<u>\$ 200,883,022</u>

PINNACLE BANCSHARES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
INTEREST REVENUE:				
Interest on loans	\$1,633,377	\$1,812,790	\$3,289,060	\$3,621,070
Interest and dividends on securities	633,698	651,968	1,230,621	1,334,734
Other interest	7,083	7,624	11,652	9,953
	<u>2,274,158</u>	<u>2,472,382</u>	<u>4,531,333</u>	<u>4,965,757</u>
INTEREST EXPENSE:				
Interest on deposits	308,137	530,628	654,496	1,085,209
Interest on subordinated debt	24,956	25,150	49,838	49,630
Interest on borrowed funds	0	0	72	0
	<u>333,093</u>	<u>555,778</u>	<u>704,406</u>	<u>1,134,839</u>
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	1,941,065	1,916,604	3,826,927	3,830,918
PROVISION FOR LOAN LOSSES	350,000	750,000	950,000	925,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>1,591,065</u>	<u>1,166,604</u>	<u>2,876,927</u>	<u>2,905,918</u>
NONINTEREST INCOME:				
Fees and service charges on deposit accounts	227,627	300,077	485,965	554,354
Service fee income	13,197	17,312	27,023	35,469
Fees and charges on loans	56,547	34,630	78,514	69,186
Bank owned life insurance	85,075	83,346	170,150	166,693
Net gain on sale or write-down of:				
Securities available for sale	0	23,702	0	(23,107)
Loans held for sale	10,980	17,747	23,299	56,235
Real estate owned	0	(31,149)	0	(31,149)
	<u>393,426</u>	<u>445,665</u>	<u>784,951</u>	<u>827,681</u>
NONINTEREST EXPENSE:				
Compensation and benefits	800,328	797,503	1,714,310	1,624,950
Occupancy	353,037	360,501	678,812	715,087
Marketing and professional	90,248	75,686	183,796	158,414
Loss on sale of real estate	5,334	0	9,913	0
Other	385,183	298,347	775,976	652,043
	<u>1,634,130</u>	<u>1,532,037</u>	<u>3,362,807</u>	<u>3,150,494</u>
INCOME BEFORE INCOME TAXES	350,361	80,232	299,071	583,105
INCOME TAX EXPENSE (BENEFIT)	41,152	(37,617)	(47,071)	78,546
NET INCOME	<u>\$304,209</u>	<u>\$117,849</u>	<u>\$346,142</u>	<u>\$504,559</u>
Cash dividend per share	\$0.11	\$0.22	\$0.11	\$0.22
Basic and diluted earnings per share	\$0.24	\$0.09	\$0.27	\$0.40
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 SIX MONTHS ENDED JUNE 30 2011 AND 2010

	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount					
Balance December 31, 2009	1,872,313	\$ 18,723	\$ 8,923,223	\$(7,320,909)	\$ 17,836,009	\$ 1	\$ 20,642,626
Net income	0	0	0	0	504,559	0	504,559
Cash dividends declared (\$.22 per share)	0	0	0	0	(279,430)	0	(279,430)
Other comprehensive income	0	0	0	0	0	686,490	686,490
					0		
Balance June 30, 2010	1,872,313	\$ 18,723	\$ 8,923,223	\$(7,320,909)	\$ 18,061,138	\$ 1,872,070	\$ 21,554,245

	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount					
Balance December 31, 2010	1,872,313	\$ 18,723	\$ 8,923,223	\$(7,320,909)	\$ 17,931,987	\$ 1	\$ 20,652,958
Net income	0	0	0	0	346,142	0	346,142
Cash dividends declared (\$.22 per share)	0	0	0	0	(279,423)	0	(279,423)
Other comprehensive income	0	0	0	0	0	548,679	548,679
Balance June 30, 2011	1,872,313	\$ 18,723	\$ 8,923,223	\$(7,320,909)	\$ 17,998,706	\$ 1,648,613	\$ 21,268,356

PINNACLE BANCSHARES, INC,

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30,	
	2011	2010
OPERATING ACTIVITIES:		
Net income	\$346,142	\$504,559
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	249,191	256,050
Provision for loan losses	950,000	925,000
(Accretion Income) amortization expense, net	(14,172)	18,918
Bank owned life insurance	(170,151)	(166,693)
Gain on sale of loans held for sale	(23,299)	(56,235)
Loss on securities available for sale	0	23,109
Loss on sale of or write down of real estate owned	9,913	31,149
Proceeds from sales of loans held for sale	2,464,242	5,976,395
Origination of loans held for sale	(2,189,802)	(5,348,820)
Decrease in accrued interest receivable	735	61,023
Decrease in other assets	254,367	(115,145)
Decrease (increase) in accrued interest payable	(123,026)	33,555
(Decrease) increase in other liabilities	(394,724)	750,940
Net provided by operating activities	1,359,416	2,893,805
INVESTING ACTIVITIES:		
Net loan repayments	4,473,461	4,547,695
Net decrease in federal funds sold	0	1,475,000
Net (increase) decrease in interest bearing deposits in other banks	(3,858,435)	2,285
Purchase of securities available-for-sale	(13,319,630)	(8,860,612)
Proceeds from maturing, sale and payments received on securities available-for-sale	7,554,638	16,708,587
Proceeds from sales of correspondent bank stock	147,000	0
Purchase of premises and equipment	(19,906)	(196,177)
Proceeds from sales or capital expenditures related to real estate owned	260,787	17,151
Net cash used (provided by) in investing activities	(4,762,085)	13,693,929
FINANCING ACTIVITIES:		
Net increase in deposits	3,480,312	2,220,299
decrease in official checks outstanding	(10,519)	(346,215)
Payments of cash dividends	(279,423)	(279,430)
Net cash provided by financing activities	3,190,370	1,594,654
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(212,299)	18,182,3878
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,486,659	4,530,571
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$3,274,360	\$22,712,959
SUPPLEMENTAL DISCLOSURES:		
Cash payments for interest on deposits, borrowed funds, and subordinated debentures	\$827,346	\$1,101,284
Cash payments for income taxes	6,000	76,000

OTHER NONCASH TRANSACTIONS

Real estate acquired through foreclosure

\$293,459

153,806