Pinnacle Bankshares Corporation Announces First Quarter 2015 Earnings and Voting Results of the Annual Meeting of Shareholders

Altavista, VA, April 28, 2015 – Net income for Pinnacle Bankshares Corporation (OTCQB:PPBN), the one-bank holding company (the "Company") for First National Bank (the "Bank"), was $586,000 or $0.39 per basic and $0.38 per diluted share for the quarter ended March 31, 2015 compared to net income of $622,000 or $0.41 per basic and diluted share for the same period of 2014. Quarterly consolidated results are unaudited.

Net income generated during the first quarter of 2015 represents a 6% decrease as compared to the same time period of the prior year and was driven by lower net interest income due to a decline in net interest margin.

Profitability as measured by the Company's return on average assets ("ROA") was 0.65% for the first quarter of 2015, which is a 5 basis points decrease over the 0.70% produced in the first quarter of 2014. Correspondingly, return on average equity ("ROE") also declined in the first quarter of 2015 to 7.10%, compared to 7.65% for the same time period of the prior year.

"We are pleased that net income for the first quarter of 2015 was comparable to last year despite decreased margin and limited growth of interest earning assets," stated Aubrey H. Hall, III, President and Chief Executive Officer for both the Company and the Bank.

The Company's net interest income was $2,950,000 for the quarter ended March 31, 2015 compared to $3,008,000 for the quarter ended March 31, 2014 as interest income decreased $140,000 or approximately 4%, which outpaced a decline in interest expense of $82,000. The Company's net interest margin declined to 3.53% for the first quarter of 2015 as compared to 3.64% for the first quarter of 2014 due mainly to lower yields on interest earning assets.

Provision for loan losses increased to $29,000 in the first quarter of 2015 as compared to ($23,000) in the first quarter of 2014 due to an increase in the provision for overdraft losses and various adjustments in qualitative factors. The allowance for loan losses was $3,013,000 as of March 31, 2015, which represented 1.08% of total loans outstanding. In comparison, the allowance for loan losses was $3,070,000 or 1.08% of total loans outstanding as of December 31, 2014. The slight decrease in the Company's allowance is reflective of lower loan volume in the first quarter of 2015. Management views the allowance's current level as being sufficient to offset potential future losses associated with problem loans.

Noninterest income for the quarter ended March 31, 2015 increased $92,000 or approximately 12% to $842,000 from $750,000 for the quarter ended March 31, 2014. This increase was mainly driven by a $76,000 increase in fees generated from the sale of mortgage loans and a $12,000 increase in service charges and fees on deposit accounts. These increases were partially offset by a $14,000 decrease in commission and fees on investment and insurance sales.

Noninterest expense for the quarter ended March 31, 2015 increased $45,000 or approximately 2% to $2,904,000 from $2,859,000 for the quarter ended March 31, 2014. The increase is primarily attributed to a $68,000 increase in salaries and a $138,000 increase in fees paid to the Bank's core system provider for data processing and new platforms. New positions and core system improvements have been part of the Company's on-going effort to develop appropriate infrastructure to support future growth. These increases were partially offset by declines in various other non-interest expense categories.

Total assets as of March 31, 2015 were $375,748,000, up approximately 4% from $362,188,000 as of December 31, 2014. The principal components of the Company's assets as of March 31, 2015 were $278,101,000 in total loans, $49,011,000 in cash and cash equivalents and $28,734,000 in securities. During the first quarter of 2015, total loans decreased approximately 2% or $5,418,000 from $283,519,000 as of December 31, 2014, while securities decreased approximately 2% or $543,000 from $29,277,000. Loan volume declined due to payoffs received on several large loans that were temporary in nature. The Bank is proactively seeking new lending opportunities and is encouraged by a recent increase in loan pipelines.

Total liabilities as of March 31, 2015 were $342,394,000, up $16,860,000 or just over 5% from $329,534,000 as of December 31, 2014. Higher levels of demand deposit account balances drove the increase, which grew by $7,394,000 or approximately 15%. The Company continues to focus on the expansion of core deposit relationships, which has helped lower the Company's cost of funds, decrease its dependency on time deposits and provide relationship expansion opportunities. The Company also experienced a 6% or $9,533,000 increase in savings and Now accounts. These increases were partially offset by a 3% or $3,882,000 decline in time deposits as compared to those respective balances as of December 31, 2014. The Company expects to utilize additional deposits by proactively seeking new loans, as referenced, and investing in securities with short maturities.

Total stockholders' equity as of March 31, 2015 was $33,354,000 and consisted primarily of $28,676,000 in retained earnings. In comparison, as of December 31, 2014 total stockholders' equity was $32,654,000. The Company has continued to increase capital while also paying a cash dividend to shareholders in each of the last nine quarters. Both the Company and Bank remain "well capitalized" per all regulatory definitions.

In other news, at the Annual Meeting of Shareholders held on April 14, 2015, Carroll E. Shelton, C. Bryan Stott, and Michael E. Watson were re-elected to the Board of Directors as Class III Directors to serve until the 2018 Annual Meeting of Shareholders. Also, James O. Watts, Esq., Vice President with Scott Insurance in Lynchburg, VA, was elected as a new Class III Director. Mr. Watts, a native and current resident of Lynchburg, will provide the Board with valuable input based on his business expertise and prior legal experience as well as strong advocacy as the Bank seeks to enhance its presence in the Lynchburg market.

Pinnacle Bankshares Corporation is a locally managed community banking organization based in Central Virginia. The one-bank holding company of First National Bank serves an area consisting primarily of all or portions of the Counties of Campbell, Pittsylvania, Bedford, Amherst and the City of Lynchburg. The Company has a total of eight branches with two located in the Town of Altavista, where the Bank was founded. Other branch locations include Village Highway in Rustburg, Wards Road near the Lynchburg Regional Airport, Timberlake Road in Campbell County, South Main Street in the Town of Amherst, Old Forest Road in the City of Lynchburg and Forest Road in Bedford County. First National Bank is in its 108th year of operation.

Various securities laws regulate the use of financial measures that are not prepared in accordance with GAAP. We believe these non-GAAP measures provide important supplemental information to investors. We use these measures, together with GAAP measures, for internal managerial purposes and as a means to evaluate period-to-period comparisons. However, we do not, and you should not, rely on non-GAAP financial measures alone as measures of our performance. We believe that non-GAAP financial measures reflect an additional way of viewing aspects of our operations that - when taken together with GAAP results as presented in this press release- provide a more complete understanding of factors and trends affecting our business. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures, even if they have similar names.

This press release may contain "forward-looking statements" within the meaning of federal securities laws that involve significant risks and uncertainties. Any statements contained herein that are not historical facts are forward-looking and are based on current assumptions and analysis by the Company. These forward-looking statements may include, but are not limited to, statements regarding the credit quality of our asset portfolio in future periods, the expected losses of nonperforming loans in future periods, returns and capital accretion during future periods, the lowering of our cost of funds, the maintenance of our net interest margin, the continuation of improved returns, the cost savings related to the deregistration of our common stock, and future operating results and business performance. Although we believe our plans and expectations reflected in these forward-looking statements are reasonable, our ability to predict results or the actual effect of future plans or strategies is inherently uncertain, and we can give no assurance that these plans or expectations will be achieved. Factors that could cause actual results to differ materially from management's expectations include, but are not limited to, the effectiveness of management's efforts to improve asset quality, returns, net interest margin and collections and control operating expenses, management's efforts to minimize losses related to nonperforming loans, management's efforts to lower our cost of funds, changes in: interest rates, general economic and business conditions, declining collateral values, especially real estate, the real estate market, the legislative/regulatory climate, including the effect that the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and regulations adopted thereunder may have on us, monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Board of Governors of the Federal Reserve System and any policies or programs implemented pursuant to the Emergency Economic Stabilization Act of 2008, the quality or composition of the loan or investment portfolios, demand for loan products, deposit flows and funding costs, competition, demand for financial services in our market area, actual savings related to the deregistration of our common stock and accounting principles, policies and guidelines. These risks and uncertainties should be considered in evaluating the forward-looking statements contained herein, and you should not place undue reliance on such statements, which reflect our views as of the date of this release.

Selected financial highlights are shown below.

Pinnacle Bankshares Corporation
Selected Financial Highlights
(3/31/2015 and 3/31/2014 results unaudited)
(In thousands, except ratios, share and per share data)

Income Statement Highlights	3 Months Ended 03/31/2015	3 Months Ended 12/31/2014	3 Months Ended 03/31/2014
Interest Income	$3,386	$3,495	$3,526
Interest Expense	436	470	518
Net Interest Income	2,950	3,025	3,008
Provision for Loan Losses	29	99	(23)
Noninterest Income	842	827	750
Noninterest Expense	2,904	3,086	2,859
Net Income	586	467	622
Earnings Per Share (Basic)	0.39	0.31	0.41
Earnings Per Share (Diluted)	0.38	0.30	0.41

Balance Sheet Highlights	03/31/2015	12/31/2014	03/31/2014
Cash and Cash Equivalents	$49,011	$29,451	$35,086
Total Loans	278,101	283,519	279,386
Total Securities	28,734	29,277	26,776
Total Assets	375,748	362,188	360,879
Total Deposits	338,249	325,204	323,834
Total Liabilities	342,394	329,534	328,158
Stockholders' Equity	33,354	32,654	32,721
Shares Outstanding	1,515,280	1,511,970	1,506,116

Ratios and Stock Price	03/31/2015	12/31/2014	03/31/2014
Gross Loan-to-Deposit Ratio	82.22%	87.18%	86.27%
Net Interest Margin (Year-to-date)	3.53%	3.60%	3.64%
Liquidity	19.27%	15.80%	16.66%
Efficiency Ratio	76.53%	78.80%	75.45%
Return on Average Assets (ROA)	0.65%	0.60%	0.70%
Return on Average Equity (ROE)	7.10%	6.59%	7.65%
Leverage Ratio (Bank)	9.44%	9.36%	9.28%
Tier 1 Capital Ratio (Bank)	11.82%	11.09%	11.17%
Total Capital Ratio (Bank)	12.88%	12.12%	12.28%
Stock Price	$17.60	$17.80	$17.00
Book Value	$22.01	$21.60	$21.73

Asset Quality Highlights	03/31/2015	12/31/2014	03/31/2014
Nonaccruing Loans	$4,309	$4,284	$2,192
Loans 90 Days or More Past Due and Accruing	0	0	0
Total Nonperforming Loans (Impaired Loans)	4,309	4,284	2,586
Other Real Estate Owned (OREO) (Foreclosed Assets)	1,194	1,107	1,397
Total Nonperforming Assets	5,503	5,391	3,589
Nonperforming Loans to Total Loans	1.55%	1.51%	0.78%
Nonperforming Assets to Total Assets	1.46%	1.49%	0.99%
Allowance for Loan Losses	$3,013	$3,070	$3,225
Allowance for Loan Losses to Total Loans	1.08%	1.08%	1.15%
Allowance for Loan Losses to Nonperforming Loans	69.92%	71.66%	147.13%

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