



February 13, 2026

Dear Shareholders:

On behalf of Pinnacle Bankshares Corporation, the one-bank holding company for First National Bank, it is my pleasure to inform you that our Board of Directors declared a cash dividend of \$0.28 per share on February 10, 2026, payable March 6, 2026, to shareholders of record as of February 20, 2026. The \$0.28 per share cash dividend is consistent with the dividend paid last quarter and marks the fifty-fourth consecutive quarter a dividend has been declared.

Also on February 10, 2026, the Board approved implementation of a Stock Repurchase Plan authorizing the repurchase of up to \$3,500,000 of the Company's outstanding common shares through December 31, 2026. The Company may repurchase shares from time to time at management's discretion through open market purchases, block trades, and privately negotiated transactions, including pursuant to a trading plan in accordance with Rule 10b5-1 promulgated under the Securities Exchange Act of 1934, as amended, when appropriate opportunities are presented. The actual means and timing of repurchases as well as the number of shares repurchased under the plan will depend on a variety of factors to include the availability of stock; general market and economic conditions; the trading price of the Company's common stock; alternative uses for capital; the Company's capital ratios, financial condition, and liquidity position; and applicable legal and regulatory requirements. The stock repurchase plan may be suspended, modified, or discontinued at any time, and the Company has no obligation to repurchase any amount of its common stock under the plan. The plan is intended to position Pinnacle to pursue appropriate stock acquisition opportunities that provide potential to further enhance shareholder returns.

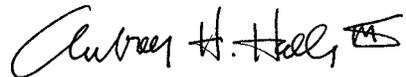
As per our 2025 Fourth Quarter & Full-Year Earnings Release distributed earlier this week, Pinnacle generated record high net income of \$10,772,000 and a return on average assets of 1.05% for the year. Additionally, our stock price hit a record high of \$46.49 during 2025 and ended the year at \$45.50 per share, an increase of \$14.30, or 46%, compared to year-end 2024. Pinnacle continues to perform very well compared to peers and has benefitted from ample liquidity, an expanding net interest margin, and strong asset quality. These factors have contributed to enhanced returns for our shareholders through increased annual cash dividends and share price appreciation, which provided a total return of over 49% for 2025.

A copy of our Earnings Release, which includes selected unaudited financial highlights, is provided for your review. This information is also posted on our website, located at [www.1stnatbk.com](http://www.1stnatbk.com), under the *Investors Relations* tab. Should you have any questions regarding the information provided, you may contact me at 434-369-3038 or our Chief Financial Officer, Bryan M. Lemley, at 434-477-5882.

Further details regarding last year's performance will be provided in Pinnacle's **2025 Annual Report** to be distributed in the near future. Our Annual Meeting of Shareholders will be conducted on Tuesday, May 12, 2026, beginning at 11:00 a.m. at Virginia Technical Institute, located at 201 Ogden Road, Altavista, VA 24517.

As always, thank you for your support, confidence, and continued interest in Pinnacle Bankshares Corporation and First National Bank.

Sincerely,

A handwritten signature in black ink that reads "Aubrey H. Hall, III" with a stylized flourish at the end.

Aubrey H. Hall, III "Todd"  
President & Chief Executive Officer



## **Pinnacle Bankshares Corporation Announces 2025 4th Quarter & Record High Full-Year Earnings**

**Altavista, VA, February 10, 2026** – Net income for Pinnacle Bankshares Corporation (OTCQX:PPBN), the one-bank holding company (the “Company” or “Pinnacle”) for First National Bank (the “Bank”), was \$2,829,000, or \$1.27 per basic and diluted share, for the fourth quarter of 2025, while net income for the year ended December 31, 2025 was a record high \$10,772,000, or \$4.85 per basic and diluted share. In comparison, net income was \$2,800,000, or \$1.27 per basic and diluted share, and \$9,178,000 or \$4.15 per basic and diluted share, respectively, for the same periods of 2024. Consolidated results for 2025 are unaudited.

### **2025 Fourth Quarter & Full-Year Highlights**

#### **Income Statement** *(Comparisons are to the fourth quarter 2024 and year ended December 31, 2024)*

- **Fourth quarter Net Income increased \$29,000, or 1%, overall and \$808,000, or 40%, excluding 2024 Bank Owned Life Insurance (BOLI) proceeds.\***
- **2025 Net Income increased \$1,594,000, or 17%, overall and \$2,373,000, or 28%, excluding 2024 BOLI proceeds.\***
  - **Return on Average Assets was 1.05%.**
  - **Net Interest Income increased \$4.7 million, or 13%, while Net Interest Margin expanded to 4.09%.**
  - **Provision for Credit Losses was only \$308,000 due to lower loan growth and continued strong Asset Quality.**
  - **Noninterest Income improved 10%, excluding 2024 BOLI proceeds\*, primarily due to increased income generated by First National Advisors and higher debit card interchange fees.**
  - **Noninterest Expense increased 9%, primarily due to higher salaries and benefits and occupancy expense, including software and platforms.**

#### **Balance Sheet** *(Comparisons are to December 31, 2024)*

- **Total Assets increased \$21.2 million, or 2%, due primarily to a \$20.4 million increase in Deposits.**
- **Outstanding subordinated debt and a promissory note totaling \$10 million were paid off due to the Bank’s strengthened capital position. These instruments were set to reprice at higher interest rates.**
- **Securities decreased \$23.4 million, or 13%, due to maturities, with cashflow used to fund an increase of \$28.4 million, or 4%, in outstanding Loans.**
- **Our Liquidity Ratio remained strong at 31.02% (13.8% excluding Available for Sale Securities). Year-End Cash and Cash Equivalents totaled \$122.3 million.**

#### **Capital Ratios & Stock Price** *(Comparisons are to December 31, 2024)*

- **The Bank’s Leverage Ratio and Total Risk-Based Capital Ratio decreased to 8.89% and 13.18%, respectively, due to paying off the subordinated debt and promissory note.**
- **Our Stock Price ended the year at \$45.50 per share, based on the last trade, which is an increase of \$14.30, or 45.8%. Price to Book was 113%. A record high stock price of \$46.49 was reached during the fourth quarter.**

\*BOLI proceeds totaled \$779,000 in 2024 and were received in the fourth quarter of 2024.

## **Net Income and Profitability**

Net income generated during the fourth quarter of 2025 represents a \$29,000, or 1%, increase as compared to the same time period of the prior year. Net of BOLI proceeds, the increase is \$808,000, or 40%, which was driven by higher net interest income and a lower provision for credit losses, partially offset by higher noninterest expense.

Net income generated for 2025 represents a \$1,594,000, or 17%, increase as compared to the prior year. Net of BOLI proceeds the increase is a \$2,373,000, or 28%, increase driven by the same factors referenced above.

Profitability as measured by the Company's return on average assets ("ROA") increased to 1.05% for 2025, as compared to 0.92% for 2024. Correspondingly, return on average equity ("ROE") increased to 12.78% for 2025, as compared to 12.49% for 2024.

"We are very pleased with Pinnacle's continued strong financial performance to include 2025 record high earnings," stated Aubrey H. Hall, III, President and Chief Executive Officer for both the Company and the Bank. He further commented, "Our Company has benefitted from ample liquidity, an improved net interest margin, and continued strong asset quality. These factors have contributed to enhanced returns for our shareholders through significant share price appreciation and increased cash dividends again this year."

## **Early Payoff of Subordinated Debt and Note**

During September 2025, the Company paid off \$8,000,000 in subordinated debt and a \$2,000,000 promissory note that were set to reprice at higher interest rates. The early retirement of this debt was made possible by Pinnacle's continued financial strength and prudent balance sheet management. Pinnacle may explore opportunities to reissue debt in the future based on market conditions and the Bank's current and projected capital needs.

## **Net Interest Income and Margin**

The Company generated \$10,351,000 in net interest income for the fourth quarter of 2025, which represents a \$1,072,000, or 12%, increase as compared to \$9,279,000 for the fourth quarter of 2024. Interest income increased \$586,000, or 5%, due to higher yields on earning assets and increased loan volume, while interest expense decreased \$486,000, or 15%, due to lower interest rates paid on deposits and a decrease in time deposits.

The Company generated \$40,124,000 in net interest income for 2025, which represents a \$4,676,000, or 13%, increase as compared to \$35,448,000 for 2024. Interest income increased \$3,519,000, or 7%, as yield on earning assets increased 24 basis points to 5.22%. Interest expense decreased \$1,157,000, or 9%, due to lower interest rates paid on deposits with cost to fund earning assets decreasing 15 basis points to 1.13%. Net interest margin increased to 4.09% for 2025 compared to 3.70% for 2024, which contributed significantly to improved profitability.

## **Reserves for Credit Losses and Asset Quality**

The provision for credit losses was \$169,000 in the fourth quarter of 2025 as compared to \$356,000 in the fourth quarter of 2024. For 2025, the provision for credit losses was \$308,000 as compared to \$752,000 in 2024. Provision expense decreased as a result of a decline in the pace of loan volume growth year-over-year and lower net charge offs in 2025 compared to the prior year.

The allowance for credit losses (ACL) was \$5,235,000 as of December 31, 2025, which represented 0.71% of total loans outstanding. In comparison, the ACL was \$5,084,000 or 0.71% of total loans outstanding as of December 31, 2024. Non-performing loans to total loans decreased to 0.20% as of December 31, 2025, compared to 0.22% as of year-end 2024. ACL coverage of non-performing loans increased to 349% as of December 31, 2025, compared to 321% as of year-end 2024. Management views the allowance balance as being sufficient to offset potential future losses in the loan portfolio.

## **Noninterest Income and Expense**

For the fourth quarter of 2025, noninterest income decreased \$763,000, or 28%, to \$1,918,000 as compared to \$2,681,000 for the fourth quarter of 2024. The decrease was primarily due to a \$779,000 decrease in BOLI proceeds and partially offset by a \$43,000 increase in commissions from sales of investment and insurance products, primarily generated by First National Advisors, and a \$32,000 increase in debit card interchange fees.

For 2025, noninterest income decreased \$87,000, or 1%, to \$7,792,000 as compared to \$7,879,000 for 2024. The decrease was mainly due to the previously referenced decrease in BOLI proceeds partially offset by a \$298,000 increase in commissions mainly generated from sales of investment and insurance products, a \$94,000 increase in debit card interchange fees, a \$55,000 increase in wire transfer fees, and \$53,000 increase in fees generated from sales of mortgage loans. Excluding BOLI proceeds, noninterest income increased \$692,000, or 10%, year-over-year.

For the fourth quarter of 2025, noninterest expense increased \$211,000, or 3%, to \$8,584,000 as compared to \$8,373,000 for the fourth quarter of 2024. The increase was primarily due to a \$264,000 increase in salaries and employee benefits, \$128,000 increase in occupancy expense, both associated with growth, as well as a \$60,000 increase in dealer loan expenses.

For 2025, noninterest expense increased \$2,889,000, or 9%, to \$34,306,000 as compared to \$31,417,000 for 2024. The increase was mainly due to a \$1,960,000 increase in salaries and benefits and a \$667,000 increase in occupancy expense, both associated with growth, as well as a \$130,000 increase in capital stock tax and a \$102,000 increase in dealer loan expenses.

## **The Balance Sheet and Liquidity**

Total assets as of December 31, 2025, were \$1,065,228,000, up \$21,234,000, or 2%, from \$1,043,994,000 as of December 31, 2024. The principal components of the Company's assets as of December 31, 2025, were \$740,328,000 in total loans, \$152,452,000 in securities, and \$122,261,000 in cash and cash equivalents. For 2025, total loans increased \$28,409,000, or 4%, from \$711,918,000 and securities decreased \$23,364,000, or 13%, from \$175,816,000. Outstanding loans increased across all divisions to include Commercial, Dealer, and Retail.

The majority of the Company's securities portfolio is relatively short-term in nature. Thirty-five percent (35%) of the Company's securities portfolio is invested in U.S. Treasury Notes having an average maturity of 0.95 years with \$30,000,000 maturing during the next three months. The Company's entire securities portfolio was classified as available for sale on December 31, 2025, which provides transparency regarding unrealized losses. Unrealized losses associated within the available for sale securities portfolio were \$7,542,000 as of December 31, 2025, or five percent (5%) of book value, an improvement from \$11,817,000 as of December 31, 2024.

The Company had a strong liquidity ratio of 31% as of December 31, 2025. The liquidity ratio excluding the available for sale securities portfolio was 13% providing the opportunity to sell excess funds at a still attractive federal funds rate. The Company has access to multiple liquidity lines of credit through its correspondent banking relationships and the Federal Home Loan Bank. None of these contingency funding sources have been utilized.

Total liabilities as of December 31, 2025 were \$975,820,000, up \$10,212,000, or 1%, from \$965,608,000 as of December 31, 2024, as deposits increased \$20,392,000, or 2%, in 2025 to \$971,311,000 from \$950,919,000.

Total stockholders' equity as of December 31, 2025 was \$89,408,000 and consisted primarily of \$77,450,000 in retained earnings. In comparison, as of December 31, 2024, total stockholders' equity was \$78,386,000. The increase is due primarily to 2025 profitability and an increase in the market value of the securities portfolio and pension assets. Both the Company and Bank remain "well capitalized" per all regulatory definitions.

## Company Information

Pinnacle Bankshares Corporation is a locally managed community banking organization serving Central and Southern Virginia. The one-bank holding company of First National Bank serves market areas consisting primarily of all or portions of the Counties of Amherst, Bedford, Campbell, Halifax, and Pittsylvania, and the Cities of Charlottesville, Danville, and Lynchburg. The Company has a total of nineteen branches with one branch in **Amherst County** within the **Town of Amherst**, two branches in **Bedford County**; five branches in **Campbell County**, including two within the **Town of Altavista**, where the Bank was founded; one branch in the **City of Charlottesville**, three branches in the **City of Danville**; three branches in the **City of Lynchburg**; and three branches in **Pittsylvania County**, including one within the **Town of Chatham**. The Bank opened a full-service branch in the **South Boston** area of Halifax County in January of 2025, where it also continues to operate a commercial loan production office. First National Bank is in its 118<sup>th</sup> year of operation.

## Cautionary Statement Regarding Forward-Looking Statements

*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, including statements made in Mr. Hall’s quotes 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, our cost of funds, the maintenance of our net interest margin, future operating results and business performance and our growth initiatives. 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: changes in consumer spending and saving habits that may occur, including increased inflation; changes in general business, economic and market conditions; attracting, hiring, training, motivating, and retaining qualified employees; changes in fiscal and monetary policies, and laws and regulations; changes in interest rates, inflation rates, deposit flows, loan demand and real estate values; changes in the quality or composition of the Company’s loan portfolio and the value of the collateral securing loans; changes in macroeconomic trends and uncertainty, including liquidity concerns at other financial institutions, and the potential for local and/or global economic recession; changes in demand for financial services in Pinnacle’s market areas; increased competition from both banks and non-banks in Pinnacle’s market areas; a deterioration in credit quality and/or a reduced demand for, or supply of, credit; increased information security risk, including cyber security risk, which may lead to potential business disruptions or financial losses; volatility in the securities markets generally, including in the value of securities in the Company’s securities portfolio or in the market price of Pinnacle common stock specifically; and other factors, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. 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 on the next page.**

**Pinnacle Bankshares Corporation**  
**Selected Financial Highlights**  
**(12/31/2025 and 9/30/25 results unaudited)**  
**(In thousands, except ratios, share, and per share data)**

<b>Income Statement Highlights</b>	<b>3 Months Ended</b>	<b>3 Months Ended</b>	<b>3 Months Ended</b>
	<b><u>12/31/2025</u></b>	<b><u>9/30/2025</u></b>	<b><u>12/31/2024</u></b>
Interest Income	\$13,129	\$13,003	\$12,543
Interest Expense	2,778	2,776	3,264
Net Interest Income	10,351	10,227	9,279
Provision for Credit Losses	169	29	356
Noninterest Income	1,918	2,044	2,681*
Noninterest Expense	8,583	8,567	8,373
Net Income	2,829	2,992	2,800
Earnings Per Share (Basic)	1.27	1.34	1.27
Earnings Per Share (Diluted)	1.27	1.34	1.27

<b>Income Statement Highlights</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
	<b><u>12/31/2025</u></b>	<b><u>12/31/2024</u></b>	<b><u>12/31/2023</u></b>
Interest Income	\$51,262	\$47,743	\$41,888
Interest Expense	11,138	12,295	8,716
Net Interest Income	40,124	35,448	33,172
Provision for Credit Losses	308	752	70
Noninterest Income	7,792	7,879*	7,964*
Noninterest Expense	34,306	31,417	29,280
Net Income	10,772	9,178	9,762
Earnings Per Share (Basic)	4.85	4.15	4.45
Earnings Per Share (Diluted)	4.85	4.15	4.45

<b>Balance Sheet Highlights</b>	<b>12/31/2025</b>	<b>12/31/2024</b>	<b>12/31/2023</b>
	Cash and Cash Equivalents	\$122,261	\$108,213
Total Loans	740,328	711,918	641,437
Total Securities	152,452	175,816	233,579
Total Assets	1,065,228	1,043,994	1,016,528
Total Deposits	971,311	950,919	932,444
Total Liabilities	975,820	965,608	948,123
Stockholders' Equity	89,408	78,386	68,405
Shares Outstanding	2,225,276	2,212,270	2,198,158

<b>Ratios and Stock Price</b>	<b>12/31/2025</b>	<b>12/31/2024</b>	<b>12/31/2023</b>
	Gross Loan-to-Deposit Ratio	76.22%	74.87%
Net Interest Margin	4.09%	3.70%	3.52%
Liquidity	31.02%	32.60%	37.27%
Efficiency Ratio	71.58%	72.49%	71.20%
Return on Average Assets (ROA)	1.05%	0.92%	1.00%
Return on Average Equity (ROE)	12.78%	12.49%	15.69%
Leverage Ratio (Bank)	8.89%	9.21%	8.82%
Tier 1 Capital Ratio (Bank)	12.46%	12.81%	12.98%
Total Capital Ratio (Bank)	13.18%	13.52%	13.67%
Stock Price	\$45.50	\$31.20	\$24.01
Book Value	\$40.18	\$35.43	\$31.12
Tangible Book Value	\$39.59	\$34.77	\$30.38

\*BOLI proceeds of \$779,000 and \$725,000 were received during the 4<sup>th</sup> Quarter of 2024 and 2023, respectively. BOLI proceeds of \$779,000 and \$1,363,000 were received during full-year 2024 and 2023, respectively.

<b>Asset Quality Highlights</b>	<b><u>12/31/2025</u></b>	<b><u>12/31/2024</u></b>	<b><u>12/31/2023</u></b>
Nonaccruing Loans	\$1,497	\$1,582	\$1,557
Loans 90 Days or More Past Due and Accruing	3	0	0
Total Nonperforming Loans	1,500	1,582	1,557
Loan Modifications	105	109	357
Loans Individually Evaluated	1,860	2,010	2,287
Other Real Estate Owned (OREO) (Foreclosed Assets)	0	0	0
Total Nonperforming Assets	1,500	1,582	1,557
Nonperforming Loans to Total Loans	0.20%	0.22%	0.24%
Nonperforming Assets to Total Assets	0.14%	0.15%	0.15%
Allowance for Credit Losses	\$5,235	\$5,084	\$4,511
Allowance for Credit Losses to Total Loans	0.71%	0.71%	0.70%
Allowance for Credit Losses to Nonperforming Loans	349%	321%	290%

**CONTACT: Pinnacle Bankshares Corporation, Bryan M. Lemley, 434-477-5882 or [bryanlemley@1stnatbk.com](mailto:bryanlemley@1stnatbk.com)**