



November 18, 2025

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 has declared a cash dividend of \$0.28 per share payable December 5, 2025 to shareholders of record as of November 21, 2025. This dividend is an increase of \$0.01, or 4%, as compared to the dividend paid last quarter and marks the 53rd consecutive quarter a dividend has been declared. Our Board and Management Team continue to balance returns in the form of cash dividends with retention of earnings to sufficiently capitalize First National for future growth.

Pinnacle has generated net income of \$7.9 million through September 30, 2025, which is an increase of 25% as compared to the same time period of last year. Correspondingly, return on average assets has improved seventeen basis points to 1.03%. Higher net interest income has been the primary driver with asset yields increasing to 5.22%, cost of funds decreasing to 1.14%, and net interest margin expanding to 4.08%. Our total loans have increased \$51 million year-over-year led by commercial division loan growth of \$44 million, which includes strong growth experienced in our South Boston market (\$16.3 million), Danville market (\$14.2 million), and Charlottesville market (\$9.5 million). Outstanding loans generated in Charlottesville and South Boston, our newest markets, totaled \$58.6 million and \$21.4 million, respectively, as of the end of the third quarter.

During September 2025, Pinnacle paid off \$10 million in subordinated debt and a promissory note set to reprice at higher than current market interest rates. Our financial strength and capital position provided the optionality to pay off this debt without immediately refinancing it. Pinnacle may explore opportunities to issue debt and/or repurchase shares in the future based on market conditions, the Bank's current and projected capital needs, and strategies under consideration to both grow our institution and enhance shareholder returns.

I am also pleased to report that our stock price hit a record high of \$40 per share on November 12, 2025, providing a 3-year total return of 104.51% compared to 28.34% for the S&P Banks Select Industry Index (*Source S&P Capital IQ - 11/11/2022 to 11/12/2025*). Additionally, First National Bank ranked #5 overall out of 56 Virginia based banks per the Performance Trust Capital Partners "Rank The Banks Virginia 2025 Q3 Report," which incorporates a number of financial performance, asset quality, and capital metrics.

A copy of our 3rd Quarter/Year-to Date 2025 Earnings Release is attached for your review. Should you have any questions, please do not hesitate to contact me. As always, thank you for your support, confidence, and continued interest in Pinnacle Bankshares Corporation.

Sincerely,

A handwritten signature in black ink, appearing to read "Aubrey H. Hall, III".

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



Pinnacle Bankshares Corporation Announces 3rd Quarter/Year to Date 2025 Earnings

Altavista, VA, October 27, 2025 – Net income for Pinnacle Bankshares Corporation (OTCQX:PPBN), the one-bank holding company (the “Company” or “Pinnacle”) for First National Bank (the “Bank”), was \$2,992,000, or \$1.34 per basic and diluted share, for the third quarter of 2025, while net income for the nine months ended September 30, 2025 was \$7,943,000, or \$3.58 per basic and diluted share. In comparison, net income was \$2,085,000, or \$0.94 per basic and diluted share, and \$6,377,000, or \$2.88 per basic and diluted share, respectively, for the same periods of 2024. Consolidated results for the quarter and the nine-month periods are unaudited.

Third Quarter & 2025 Year-to-Date Highlights

Income Statement *(Comparisons are to the third quarter and first nine months of 2024)*

- **Third Quarter 2025 Net Income increased 44% to \$2,992,000.**
- **Year-to-Date Net Income increased 25% to \$7,943,000, while Return on Assets improved 17 basis points to 1.03%.**
 - **Net Interest Income increased 14% primarily due to higher loan volume and yields on earning assets along with lower cost of funds. Net Interest Margin expanded 40 basis points to 4.08%.**
 - **Provision for Credit Losses was only \$139,000 due to lower loan growth this year and continued strong Asset Quality.**
 - **Noninterest Income improved 13% primarily due to increased income generated from sales of investment and insurance products as well as mortgage loans.**
 - **Noninterest Expense increased 12% primarily due to higher salaries and benefits and occupancy expense to include software and platforms.**

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

- **Total Assets have decreased \$13.6 million, or 1%, due primarily to a \$13 million decrease in Deposits and \$10 million in cash utilized to pay off outstanding subordinated debt and a promissory note set to reprice at higher interest rates.**
- **Securities decreased \$30.5 million, or 17%, due to maturities, which have been used to fund an increase in Loans of \$18.4 million, or 2.6%, and help the Bank maintain cash and cash equivalent balances above \$100,000 million.**
- **Our Liquidity Ratio remained strong at 28.3% (11.9% excluding Available for Sale Securities).**

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

- **The Bank’s Leverage Ratio and Total Risk-Based Capital Ratio decreased to 8.82% and 12.91%, respectively, due to paying off the subordinated debt and promissory note.**
- **Our Stock Price ended the quarter at \$37.58 per share, based on the last trade, which is an increase of \$6.38, or 20.4%.**

Net Income and Profitability

Net income generated during the third quarter of 2025 represents a \$907,000, or 44%, increase as compared to the third quarter of 2024, while net income generated through nine months of 2025 represents a \$1,566,000, or 25%, increase as compared to the same period of the prior year. The increase in net income for the third quarter and year-to-date 2025 was driven by higher net interest income, higher noninterest income, and lower provision for credit losses, partially offset by higher noninterest expense.

Profitability as measured by the Company's return on average assets ("ROA") increased to 1.03% for the nine months ended September 30, 2025, as compared to 0.86% for the same time period of 2024. Correspondingly, return on average equity ("ROE") increased to 12.76% for the nine months ended September 30, 2025, as compared to 11.76% for the same time period of 2024.

"We are pleased with Pinnacle's performance thus far in 2025," stated Aubrey H. Hall, III, President and Chief Executive Officer for both the Company and the Bank. Mr. Hall further commented, "Increased net interest income driven by higher yields on interest earning assets and lower cost of funds has offset rising overhead expense as we continue to invest in personnel and infrastructure to facilitate growth. Our Company remains in a solid position with ample funding, strong asset quality, and an expanding net interest margin."

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

For the third quarter of 2025, the Company generated \$10,227,000 in net interest income, which represents a \$1,286,000, or 14%, increase as compared to \$8,941,000 for the third quarter of 2024. Interest income increased \$741,000, or 6%, due to higher yields on earning assets and increased loan volume, while interest expense decreased \$545,000, or 16%, due to lower interest rates paid on deposits and an overall decrease in interest earning deposits.

Through nine months of 2025, the Company has generated \$29,773,000 in net interest income, which represents a \$3,604,000, or 14%, increase as compared to \$26,169,000 for the same time period of 2024. Interest income increased \$2,933,000, or 8%, due to higher loan volume and interest rates, which resulted in yield on earning assets increasing 28 basis points to 5.22%. Interest expense decreased \$671,000, or 7%, due to lower interest rates paid on deposits with cost to fund earning assets decreasing 12 basis points to 1.14%. Net interest margin increased to 4.08% through nine months of 2025 compared to 3.68% for the same time period of 2024.

Reserves for Credit Losses and Asset Quality

The provision for credit losses was \$29,000 in the third quarter of 2025 as compared to \$136,000 in the third quarter of 2024. Through nine months of 2025, the provision for credit losses was \$139,000 as compared to \$396,000 for the same time period of 2024. Provision expense has decreased as a result of a decline in the pace of loan volume growth and lower net charge offs through the first nine months of 2025 compared to the same time period in 2024.

The allowance for credit losses (ACL) was \$5,178,000 or 0.71% of total loans outstanding as of September 30, 2025. 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 0.18% as of September 30, 2025, compared to 0.22% as of year-end 2024, while ACL coverage of non-performing loans increased to 397% as of September 30, 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 third quarter of 2025, noninterest income increased \$281,000, or 16%, to \$2,044,000 as compared to \$1,763,000 for the third quarter of 2024. The increase was primarily due to a \$118,000 increase in commissions and fees from sales of investment and insurance products, a \$41,000 increase in service charges on deposit accounts, and a \$24,000 increase in fees generated from the sales of mortgage loans.

Through nine months of 2025 noninterest income increased \$676,000, or 13%, to \$5,874,000 as compared to \$5,198,000 for the same time period in 2024. The increase was mainly due to a \$255,000 increase in commissions and fees from sales of investment and insurance products, a \$125,000 increase in fees generated from sales of mortgage loans, a \$71,000 increase in BOLI income, and a \$55,000 increase in service charges on deposit accounts along with increases in wire transfer and merchant card fees.

For the third quarter of 2025, noninterest expense increased \$606,000, or 8%, to \$8,567,000 as compared to \$7,961,000 for the third quarter of 2024. The increase was primarily due to a \$343,000 increase in salary and benefits and a \$158,000 increase in occupancy expenses, to include software and platforms, along with a \$82,000 increase in dealer loan expenses and a \$50,000 increase in capital stock taxes.

Through nine months of 2025, noninterest expense increased \$2,678,000, or 12%, to \$25,722,000 as compared to \$23,044,000 for the same time period of 2024. The increase was mainly due to a \$1,696,000 increase in salaries and benefits and a \$539,000 increase in occupancy expense, both associated with current and planned future growth, as well as a \$99,000 increase in core processing expense, a \$80,000 increase in office supplies, and a \$78,000 increase in capital stock taxes.

The Balance Sheet and Liquidity

Total assets as of September 30, 2025, were \$1,030,398,000, down 1% from \$1,043,994,000 as of December 31, 2024. The principal components of the Company's assets as of September 30, 2025, were \$730,297,000 in total loans, \$145,363,000 in securities, and \$105,302,000 in cash and cash equivalents. Through nine months of 2025, total loans have increased \$18,379,000, or 2.6%, from \$711,918,000 and securities have decreased \$30,454,000, or 17%, from \$175,816,000.

The majority of the Company's securities portfolio is relatively short-term in nature. Forty-one percent (41%) of the Company's securities portfolio is invested in U.S. Treasury Notes having an average maturity of 1.05 years with \$25,000,000 maturing during the next six months. The Company's entire securities portfolio was classified as available for sale on September 30, 2025, which provides transparency regarding unrealized losses. Unrealized losses associated within the available for sale securities portfolio were \$8,229,000 as of September 30, 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 28% as of September 30, 2025. The liquidity ratio excluding the available for sale securities portfolio was 12% providing the opportunity to sell excess funds at an 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 September 30, 2025, were \$942,706,000, down \$22,902,000, or 2%, from \$965,608,000 as of December 31, 2024, as deposits have decreased \$12,880,000, or 1%, through nine months of 2025 to \$938,039,000 from \$950,919,000 and, as referenced earlier, \$10,000,000 in subordinated debt and a promissory note were paid off. First National Bank's number of deposit accounts increased 1.2% during the same time period as the Bank has benefited from the closures of large national bank branches and bank mergers within markets served combined with its reputation for providing extraordinary customer service.

Total stockholders' equity as of September 30, 2025, was \$87,692,000 and consisted primarily of \$75,244,000 in retained earnings. In comparison, as of December 31, 2024, total stockholders' equity was \$78,386,000. Stockholders' equity increased primarily due to 2025 year to date profitability and an increase in the market value of the securities portfolio. 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 this year, where it also continues to operate a commercial loan production office. First National Bank is in its 117th 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
(9/30/25, 6/30/25, and 9/30/24 results unaudited)
(In thousands, except ratios, share, and per share data)

	3 Months Ended	3 Months Ended	3 Months Ended
Income Statement Highlights	<u>9/30/2025</u>	<u>6/30/2025</u>	<u>9/30/2024</u>
Interest Income	\$13,003	\$12,755	\$12,262
Interest Expense	2,776	2,688	3,321
Net Interest Income	10,227	10,067	8,941
Provision for Credit Losses	29	73	136
Noninterest Income	2,044	2,085	1,763
Noninterest Expense	8,567	8,795	7,961
Net Income	2,992	2,690	2,085
Earnings Per Share (Basic)	1.34	1.21	0.94
Earnings Per Share (Diluted)	1.34	1.21	0.94

	9 Months Ended	Year Ended	9 Months Ended
Income Statement Highlights	<u>9/30/2025</u>	<u>12/31/2024</u>	<u>9/30/2024</u>
Interest Income	\$38,133	\$47,743	\$35,200
Interest Expense	8,360	12,295	9,031
Net Interest Income	29,773	35,448	26,169
Provision for Credit Losses	139	752	396
Noninterest Income	5,874	7,879	5,198
Noninterest Expense	25,722	31,417	23,044
Net Income	7,943	9,178	6,377
Earnings Per Share (Basic)	3.58	4.15	2.88
Earnings Per Share (Diluted)	3.58	4.15	2.88

	<u>9/30/2025</u>	<u>12/31/2024</u>	<u>9/30/2024</u>
Balance Sheet Highlights			
Cash and Cash Equivalents	\$105,302	\$108,213	\$106,009
Total Loans	730,297	711,918	678,893
Total Securities	145,363	175,816	182,010
Total Assets	1,030,398	1,043,994	1,015,994
Total Deposits	938,039	950,919	921,363
Total Liabilities	942,706	965,608	938,622
Stockholders' Equity	87,692	78,386	77,372
Shares Outstanding	2,225,727	2,212,270	2,215,020

	<u>9/30/2025</u>	<u>12/31/2024</u>	<u>9/30/2024</u>
Ratios and Stock Price			
Gross Loan-to-Deposit Ratio	77.85%	74.87%	73.68%
Net Interest Margin (Year-to-date)	4.08%	3.70%	3.68%
Liquidity	28.33%	32.60%	33.61%
Efficiency Ratio	72.13%	72.49%	73.47%
Return on Average Assets (ROA)	1.03%	0.92%	0.86%
Return on Average Equity (ROE)	12.76%	12.49%	11.76%
Leverage Ratio (Bank)	8.82%	9.21%	9.21%
Tier 1 Capital Ratio (Bank)	12.19%	12.81%	12.84%
Total Capital Ratio (Bank)	12.91%	13.52%	13.53%
Stock Price	\$37.58	\$31.20	\$29.73
Book Value	\$39.40	\$35.43	\$34.93

Asset Quality Highlights	<u>9/30/2025</u>	<u>12/31/2024</u>	<u>9/30/2024</u>
Nonaccruing Loans	\$1,261	\$1,582	\$956
Loans 90 Days or More Past Due and Accruing	42	0	0
Total Nonperforming Loans	1,303	1,582	956
Loan Modifications	106	109	340
Loans Individually Evaluated	1,409	2,010	1,296
Other Real Estate Owned (OREO) (Foreclosed Assets)	0	0	0
Total Nonperforming Assets	1,303	1,582	956
Nonperforming Loans to Total Loans	0.18%	0.22%	0.14%
Nonperforming Assets to Total Assets	0.13%	0.15%	0.09%
Allowance for Credit Losses	\$5,178	\$5,084	\$4,795
Allowance for Credit Losses to Total Loans	0.71%	0.71%	0.71%
Allowance for Credit Losses to Nonperforming Loans	397%	321%	502%

CONTACT: Pinnacle Bankshares Corporation, Bryan M. Lemley, 434-477-5882 or bryanlemley@1stnatbk.com