



Dear Fellow Shareholders:

You are cordially invited to attend the 2019 Annual Meeting of Shareholders of Pinnacle Bankshares Corporation, the holding company for First National Bank. The meeting will be held on **Tuesday, April 9, 2019, at 11:00 a.m. Eastern Time** in the Fellowship Hall of Altavista Presbyterian Church, located at 707 Broad Street, Altavista, Virginia. The accompanying Notice and Proxy Statement describe the matters to be presented at the meeting. Enclosed is our 2018 Annual Report to Shareholders that will also be reviewed at the Annual Meeting.

Please complete, sign, date and return the enclosed proxy card as soon as possible. Whether or not you will be able to attend the Annual Meeting, it is important that your shares be represented and your vote recorded. Your proxy may be revoked at any time before it is voted at the Annual Meeting.

We appreciate your continuing loyalty and support of Pinnacle Bankshares Corporation and First National Bank.

Sincerely,

A handwritten signature in black ink that reads "Aubrey H. Hall, III". The signature is written in a cursive style with a prominent "A" and "H".

Aubrey H. (Todd) Hall, III
*President &
Chief Executive Officer*

Altavista, Virginia
March 4, 2019

**Pinnacle Bankshares Corporation
622 Broad Street
Altavista, Virginia 24517**

NOTICE OF 2019 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 9, 2019

The 2019 Annual Meeting of Shareholders of Pinnacle Bankshares Corporation will be held in the Fellowship Hall of Altavista Presbyterian Church, located at 707 Broad Street, Altavista, Virginia, on **Tuesday, April 9, 2019, at 11:00 a.m. Eastern Time** for the following purposes:

1. To elect four Class I directors to serve until the 2022 Annual Meeting of Shareholders, as described in the Proxy Statement accompanying this notice.
2. To transact such other business as may properly come before the meeting or any adjournment thereof.

Shareholders of record at the close of business on February 19, 2019, are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

By Order of the Board of Directors



Bryan M. Lemley
Secretary

March 4, 2019

IMPORTANT NOTICE

Please complete, sign, date and return the enclosed proxy card in the accompanying postage paid envelope so that your shares will be represented at the meeting. Shareholders attending the meeting may personally vote on all matters that are considered, in which event their signed proxies will be revoked (provided that, if you hold your shares through a bank, broker or other holder of record and you wish to vote in person, you must bring a legal proxy or broker's proxy card to the meeting as proof of your authority to vote the shares).

**Pinnacle Bankshares Corporation
622 Broad Street
Altavista, Virginia 24517**

**PROXY STATEMENT
2019 ANNUAL MEETING OF SHAREHOLDERS
April 9, 2019**

GENERAL

The following information is furnished in connection with the solicitation by and on behalf of the Board of Directors (the "Board") of the enclosed proxy to be used at the 2019 Annual Meeting of Shareholders (the "Annual Meeting") of Pinnacle Bankshares Corporation (the "Company") to be held Tuesday, April 9, 2019, at 11:00 a.m. Eastern Time in the Fellowship Hall of Altavista Presbyterian Church, located at 707 Broad Street, Altavista, Virginia. The approximate mailing date of this Proxy Statement and accompanying proxy is March 4, 2019.

Revocation and Voting of Proxies

Execution of a proxy will not affect a shareholder's right to attend the Annual Meeting and to vote in person. Any shareholder who has executed and returned a proxy may revoke it by attending the Annual Meeting and requesting to vote in person. A shareholder may also revoke his proxy at any time before it is exercised by filing a written notice with the Secretary of the Company or by submitting a proxy bearing a later date. Proxies will extend to, and will be voted at, any properly adjourned session of the Annual Meeting. If a shareholder specifies how the proxy is to be voted with respect to any proposal for which a choice is provided, the proxy will be voted in accordance with such specifications. If a shareholder fails to specify how the proxy is to be voted, the proxy will be voted FOR the director nominees named in Proposal 1.

If you hold your shares through a bank, broker or other holder of record, you should follow the instructions from your bank, broker or agent to vote or revoke your proxy or change your vote. If you hold your shares through a bank, broker or other holder of record, and you plan to vote in person at the Annual Meeting, you should contact your bank, broker or agent to obtain a legal proxy or broker's proxy card to bring to the meeting as proof of your authority to vote the shares.

Directions to Annual Meeting

To obtain directions to attend the Annual Meeting and vote in person, please contact the Secretary of the Company at (434) 369-3000.

Voting Rights of Shareholders

Only those shareholders of record at the close of business on February 19, 2019, are entitled to notice of and to vote at the Annual Meeting, or any adjournments thereof. The number of shares of common stock of the Company outstanding and entitled to vote at the Annual Meeting is 1,543,351. The Company has no other class of stock outstanding. A majority of the votes entitled to be cast, represented in person or by proxy, will constitute a quorum for the transaction of business. Each share of Company common stock entitles the record holder thereof to one vote upon each matter to be voted upon at the Annual Meeting.

Shares for which the holder elects to abstain or to withhold the proxies' authority to vote on a matter will count toward a quorum, but will not be considered in determining the number of votes cast with respect to such matter. "Broker non-votes" (shares held by brokers or nominees as to which (i) instructions have not been received from the beneficial owner or the persons entitled to vote the shares, and (ii) the broker or

nominee does not have discretionary voting power on a particular matter), if any, will not count toward a quorum and will not be considered in determining the number of votes cast with respect to such matter.

With regard to the election of directors, votes may be cast in favor or withheld. If a quorum is present, the nominees receiving the greatest number of affirmative votes cast at the Annual Meeting will be elected directors; therefore, abstentions or votes withheld will have no effect. If a quorum is present, broker non-votes will likewise have no effect on the election of directors. It should be noted, however, that discretionary voting by brokers in uncontested elections of directors is not permitted. **Therefore, your vote is especially important, as your broker does not have the discretion to vote shares held on your behalf with respect to the election of directors.** If you hold your shares through a broker and do not provide your broker with voting instructions, that will result in a broker non-vote for each share that you hold. A large number of broker non-votes could affect the ability of the Company to achieve a quorum at the Annual Meeting.

Solicitation of Proxies

The cost of solicitation of proxies will be borne by the Company. Solicitations will be made only by mail, except that officers and regular employees of the Company and First National Bank (the “Bank”) may make solicitations of proxies in person, by telephone or mail, acting without compensation other than their regular compensation. We anticipate that brokerage houses and other nominees, custodians, and fiduciaries will be requested to forward the Company’s proxy soliciting material to the beneficial owners of the stock held of record by such persons, and the Company will reimburse them for their charges and expenses in connection with this activity.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth the beneficial ownership of the Company’s common stock, as of March 1, 2019, for each director, director nominee and executive officer, and for all directors and executive officers as a group.

<u>Name</u>	<u>Amount and Nature of Beneficial Ownership (1)</u>	<u>Ownership as a Percentage of Common Stock Outstanding</u>
Elton W. Blackstock, Jr.	4,902 (2)	*
Thomas R. Burnett, Jr.	6,575 (3)	*
Connie C. Burnette	406 (4)	*
James E. Burton, IV	13,020 (5)	*
Judson H. Dalton	1,565 (6)	*
Robert L. Finch, Jr.	5,197 (7)	*
Aubrey H. (Todd) Hall, III	24,967 (8)	1.62%
Thomas F. Hall	7,022 (9)	*
Dr. Robert L. Johnson, II	1,290 (10)	*
Bryan M. Lemley	5,012 (11)	*
A. Patricia Merryman	3,219 (12)	*
Carroll E. Shelton	19,048 (13)	1.23%
C. Bryan Stott	10,659 (14)	*
Michael E. Watson	3,622 (15)	*
James O. Watts IV, Esq.	576 (16)	*
All directors and executive officers as a group (15 persons)	107,080	6.90%

* Less than 1.0%, based on 1,543,351 total outstanding shares as of March 1, 2019.

- (1) For purposes of this table, beneficial ownership has been determined in accordance with the provisions of Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) under which, in general, a person is deemed to be the beneficial owner of a security if he has or shares the power to vote or direct the voting of the security or the power to dispose of or direct the disposition of the security, or if he has the right to acquire beneficial ownership of the security within sixty days.
- (2) Includes 495 shares that are restricted as to sale or other transfer until January 8, 2020.
- (3) Includes 1,500 shares which Mr. Burnett has the option to purchase under the 2004 Incentive Stock Plan and 2,425 shares that are restricted as to sale or other transfer prior to vesting.
- (4) Includes 51 shares that are restricted as to sale or other transfer until January 8, 2020.
- (5) Excludes 1,470 shares held solely by spouse.
- (6) Includes 145 shares that are restricted as to sale or other transfer until January 8, 2020.
- (7) Includes 241 shares that are restricted as to sale or other transfer until January 8, 2020. Also includes 1,548 shares held jointly with spouse.
- (8) Includes 8,000 shares which Mr. Hall has the option to purchase under the 2004 Incentive Stock Plan and 5,925 shares that are restricted as to sale or other transfer prior to vesting.
- (9) Includes 601 shares that are restricted as to sale or other transfer until January 8, 2020.
- (10) Includes 203 shares that are restricted as to sale or other transfer until January 8, 2020.
- (11) Includes 2,900 shares that are restricted as to sale or other transfer prior to vesting.
- (12) Includes 351 shares that are restricted as to sale or other transfer until January 8, 2020.
- (13) Includes 7,810 shares held jointly with spouse.
- (14) Includes 3,748 shares held jointly with spouse. Also includes 546 shares that are restricted as to sale or other transfer until January 8, 2020.
- (15) Includes 2,607 shares held jointly with spouse. Also includes 537 shares that are restricted as to sale or other transfer until January 8, 2020.
- (16) Includes 127 shares that are restricted as to sale or other transfer until January 8, 2020.

Security Ownership of Certain Beneficial Owners

The following table sets forth the beneficial ownership of the Company’s common stock, as of March 1, 2019, by each beneficial owner known to the Company to own more than 5.0% of the Company’s common stock, based on currently available Schedules 13D and 13G and amendments thereto filed with the SEC and other information available to the Company.

<u>Name</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Ownership as a Percentage of Common Stock Outstanding (1)</u>
V. Cassell Adamson, Jr. et. al.	77,843	5.04%
Banc Funds Company L.L.C. 20 North Wacker Drive Suite 3300 Chicago, IL 60606	87,130 (2)	5.65%

(1) Based on 1,543,351 total outstanding shares as of March 1, 2019.

(2) Based on Amendment 1 to Schedule 13G filed by Banc Funds Company L.L.C. filed February 12, 2019, as of December 31, 2018, Banc Fund VIII L.P. reported sole voting and dispositive power with respect to 41,551 shares of the Company’s common stock, and Banc Fund IX L.P. reported sole voting and dispositive power with respect to 45,579 shares of the Company’s common stock.

**PROPOSAL 1
ELECTION OF DIRECTORS**

The Company's Board is divided into three classes (I, II and III) of directors. The term of office for Class I directors will expire at the Annual Meeting. Four nominees for election as Class I directors, Elton W. Blackstock, Jr., Robert L. Finch, Jr., Aubrey H. (Todd) Hall, III, and Dr. Robert L. Johnson, II, currently serve as directors of the Company and are standing for re-election.

If elected, these Class I nominees will serve until the 2022 Annual Meeting of Shareholders.

The persons named in the proxy will vote for the election of the nominees named below unless authority is withheld. The Company's Board believes that the nominees will be available and able to serve as directors, but if any of these persons should not be available or able to serve, the proxies may exercise discretionary authority to vote for a substitute proposed by the Company's Board.

Certain information concerning the nominees for election at the Annual Meeting is set forth below, as well as certain information about the Class II and Class III directors who will continue in office.

Name (Age) and <u>Address</u>	<u>Principal Occupation</u>	Director of Company <u>Since</u>
Class I Director Nominees (To Serve until the 2022 Annual Meeting)		
Elton W. Blackstock, Jr. (56) Hurt, Virginia	Retired Administrator Blue Ridge Regional Jail	2015
Robert L. Finch, Jr. (62) Lynch Station, Virginia	President & General Manager Finch and Finch, Inc. (funeral and cremation service)	2013
Aubrey H. (Todd) Hall, III (48) Rustburg, Virginia	President and Chief Executive Officer Pinnacle Bankshares Corporation President and Chief Executive Officer First National Bank	2011
Dr. Robert L. Johnson, II (53) Forest, Virginia	Superintendent Campbell County, Virginia Schools	2014

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" THE ELECTION OF THE NOMINEES LISTED ABOVE.

Directors continuing in office

Class II Directors (Serving until the 2020 Annual Meeting)

James E. Burton, IV (62) Lynchburg, Virginia	Vice President Boxley Materials Company (highway construction & asphalt paving)	1998
Judson H. Dalton (39) Lynchburg, Virginia	Project Manager, Estimator and Home Office Manager English Construction Company	2012
Thomas F. Hall (69) Amherst, Virginia	President George E. Jones & Sons, Inc. (construction)	2008
A. Patricia Merryman (64) Rustburg, Virginia	Vice President Sonny Merryman, Inc. (transportation equipment distributor)	2010

Class III Director (Serving until the 2021 Annual Meeting)

Connie C. Burnette (61) Rustburg, Virginia	Vice President and Accounting & Human Resources Manager Wiley/Wilson (engineering firm)	2016
Carroll E. Shelton (68) Hurt, Virginia	Retired Vice President Pinnacle Bankshares Corporation Retired Senior Vice President and Chief Credit Officer First National Bank	1990(1)
C. Bryan Stott (68) Altavista, Virginia	Vice President and Branch Manager Stifel Nicolaus (investment firm)	2010
Michael E. Watson (64) Gladstone, Virginia	Controller / Treasurer Flippin, Bruce & Porter, Inc. (investment advisors)	2003
James O. Watts, IV, Esq. (53) Lynchburg, Virginia	Vice President Scott Insurance (insurance providers)	2015

- (1) Reflects the year that Mr. Shelton joined the Board of the Bank. Effective May 1, 1997, the Company became the holding company for the Bank.

Director Qualifications

The Nominating Committee seeks candidates who possess the background, skills and expertise to make a significant contribution to the Board and to the Company and its shareholders. Although the Company has no formal policy regarding diversity, the Board of Directors believes that the Board should include directors with diverse experience and business knowledge and believes that the directors and director nominees bring a diverse range of perspectives to the Board's deliberations. The Nominating Committee considers director qualifications according to the particular areas of expertise being sought as a complement to the existing Board composition at the time. Minimum qualifications include high-level leadership experience in business activities, breadth of knowledge about issues affecting the Company and the Bank, understanding of the customers served by the Bank, a willingness to promote the success and economic growth of the Bank and time available for meetings and consultation on Company and Bank matters. Additionally, no individual may be nominated for election or elected as a director of the Bank if on the date of his or her election the individual would be age 70 or older.

The Board has concluded that each director and director nominee possesses the personal traits described above. In considering the directors' and director nominees' individual experience, qualifications, attributes and skills, the Board has concluded that the appropriate experience, qualifications, attributes and skills are represented for the Board as a whole and for each of the Board's committees. In addition, each director and director nominee possesses characteristics that led the Board to conclude that such person should serve as a director. The following paragraphs provide information as of the date of this Proxy Statement about each director nominee and each director who is continuing in office following the 2019 Annual Meeting, including information each such director and director nominee has given us about all positions he/she holds, his/her principal occupation and business experience for the past five years, and the names of other publicly-held companies (if any) of which he/she currently serves as a director or has served as a director during the past five years. In addition to the information presented below regarding each director's and nominee's specific experience, qualifications, attributes and skills that led our Board to the conclusion that he/she should serve as a director, we also believe that all of our directors and director nominees have a reputation for integrity, honesty, and adherence to high ethical standards. Each director has demonstrated business and financial acumen, an ability to exercise sound judgment, compatibility with other directors, as well as a commitment to service to the Company and our Board. There are no family relationships among any directors, director nominees and executive officers.

Elton W. Blackstock, Jr.; Director since 2015

Mr. Blackstock, who is a Pittsylvania County native, retired as Administrator of the Blue Ridge Regional Jail Authority in 2012 where he was employed for 15 years. He has over 30 years' experience with the military, law enforcement and corrections, which includes the United States Navy, Pittsylvania County Sheriff's Department and Virginia Department of Corrections. Mr. Blackstock serves on the Pittsylvania County Board of Supervisors as the Staunton River District Representative and as its Finance Committee Chairman, the Pittsylvania County and Danville Regional Industrial Facility Authority Board, the Staunton River Regional Industrial Facility Authority Board and as a Commissioner on the Pittsylvania County Service Authority. He is also serves on the Board of the Western Region Jail Association. He received his Associate's Degree from Danville Community College and currently serves on its Criminal Justice Advisory Board. Through his professional background and public service Mr. Blackstock has acquired skills in budget development, personnel and operational policies, issue resolution and preparation of legal defense matters, all of which are of value to our Board.

Connie C. Burnette; Director since 2016

Ms. Burnette is a Vice President and Accounting & Human Resources Manager for Wiley/Wilson, where she has been employed since 2007. Prior to Wiley/Wilson she worked as the Human Resources Director for Consolidated Shoe Company, Inc. Other work experience includes Accounting Manager for

Consolidated Shoe and Assistant Controller for Courtland Manufacturing Company. Ms. Burnette has her Professional in Human Resources (PHR) and Society for Human Resource Management (SHRM-CP) certifications. Additionally, she is an active member of the National Employee Stock Ownership Plan (ESOP) Association where she served on the Executive Committee of the State and Regional Chapter Council and is currently President of the Mid-Atlantic Chapter. Ms. Burnette graduated from Rustburg High School and attended Central Virginia Community College. She provides valuable input to the Board regarding the oversight of employee compensation and benefits programs as well as advocacy of the Bank within the markets it serves.

James E. Burton, IV, Chairman of the Board; Director since 1998

Mr. Burton is Vice President of the Asphalt Contracting division for Boxley Materials Company which specializes in highway construction and asphalt paving. He has been employed by Boxley and its predecessor company, Templeton Paving, LLC, since 1984 and previously served as General Manager for Amlite Corporation. Mr. Burton currently serves on the Board of the Old Dominion Highway Contractors Association, and has previously served on the Board of Trustees of Westminster Canterbury in Lynchburg, Virginia. He earned a Bachelor of Science degree in Civil Engineering from Virginia Military Institute. Mr. Burton brings to our Board experience in executive management with insights into corporate finance and risk management, extensive knowledge of the communities served by the Company and leadership and consensus-building skills to guide our Board.

Judson H. Dalton; Director since 2012

Mr. Dalton is employed by English Construction Company, Incorporated (“English”), a third-generation family-owned business based out of Lynchburg, Virginia providing a wide array of construction services throughout the Mid-Atlantic and Southeast regions of the United States. He currently serves as a Project Manager, Estimator and Home Office Manager for English, and is a member of English’s founding family. Mr. Dalton serves on the board of Virginia Technical Institute. He holds a Bachelor of Arts degree in Economics from Randolph Macon College. Mr. Dalton’s experience in the construction industry and knowledge of the Central Virginia market provides our Board with valuable insight regarding this important sector of the economy.

Robert L. Finch, Jr.; Director since 2013

Mr. Finch serves as President and General Manager of Finch & Finch, Inc. Funeral & Cremation Service located in Altavista and Gladys, Virginia. The company is a family-owned and managed business, established in 1905, with Mr. Finch representing the fourth-generation of the Finch family. He attended Lynchburg College, graduated with a B. S. Degree in 1980 from Elon University, received an Associate Degree from Gupton-Jones College of Funeral Service in Atlanta, Georgia in 1992, and was licensed as a funeral service licensee in that same year. He is a Past President of the Virginia Funeral Directors Association. He was named VFDA Outstanding Member of the Year in 2008 and Virginia’s Funeral Director of the Year in 2003 and 2009. Mr. Finch is dedicated to community activities and is President of the Citizens for Altavista Baseball. He is a former member and a past President of the Lions Club of Altavista and a past board member of The Greater Lynchburg Community Trust, Altavista Area YMCA, Altavista Chamber of Commerce and Altavista Vocational Advisory Council. Mr. Finch brings to our Board extensive management acumen and valuable knowledge of the Altavista market.

Aubrey H. (Todd) Hall, III, President & Chief Executive Officer; Director since 2011

Mr. Hall is President and Chief Executive Officer of the Company and the Bank. He joined the Bank in 2003 after nearly 11 years with Central Fidelity Bank and its successor, Wachovia Bank. Mr. Hall serves as Chairman of the Board of Directors for the Lynchburg Regional Business Alliance and the Virginia Bankers Association’s VBA Management Services, Inc. Additionally, he serves on the Board of the Altavista Economic Development Authority, the Powell Foundation, the Virginia Bankers

Association and Bankers Insurance, LLC. Mr. Hall earned a Bachelor of Arts degree in Accounting from Lynchburg College (now University of Lynchburg). He is a graduate of the Virginia Bankers School of Bank Management at the University of Virginia and the Graduate School of Banking at Louisiana State University, where he is a prior member of the Board of Trustees. Mr. Hall has a diverse background in the banking industry and strong knowledge of the banking business. He provides our Board keen insight into the markets served by our Company and carries with him the respect of the other members of the Board as the leader of the Company.

Thomas F. Hall; Director since 2008

Mr. Hall is President of George E. Jones & Sons, Inc., an Amherst, Virginia-based construction company serving the Central Virginia market and specializing in utilities construction. Mr. Hall has been associated with this current business since 1978. He previously served on the Board of Directors of the Associated General Contractors of Virginia, Inc. He has also served as a board member of the Virginia Board for Contractors, the Amherst County Chamber of Commerce and the Region 2000 Economic Development Council. Mr. Hall earned a Bachelor of Science degree in Business Administration from Concord University. His extensive experience in the construction industry combined with his unique insight and knowledge of real estate development projects in our region provides our Board with an invaluable resource regarding local economic activity.

Dr. Robert L. Johnson, II; Director since 2014

Dr. Johnson has served as Superintendent of Campbell County, Virginia Schools since 2009. He received his Doctorate of Education in 2004 from the University of Virginia where he also received his Bachelor and Master of Education degrees. He received the William H. Seawell Memorial Award in 2003 and is currently a member of the American Association of School Administrators and the Virginia Association of School Superintendents. Dr. Johnson presently serves as a member of the Central Virginia Workforce Development Board and the UVA K12 Advisory Council. He is the past Chairman of Virginia's Region V Superintendents and presently serves as Region V's legislative representative. Dr. Johnson has an extensive background in education and administration and provides the Board with leadership and consensus-building skills on a variety of matters, including corporate governance and succession planning.

A. Patricia Merryman; Director since 2010

Ms. Merryman is Executive Vice President of Sonny Merryman, Inc., a privately held transportation equipment distributor, with primary responsibility for trailer and container sales and rentals. After attending Averett College, she became employed by the company in 1977. Ms. Merryman serves on the Board of Trustees for the University of Lynchburg (formerly Lynchburg College) and also helps and supports the Central Virginia Court Appointed Special Advocates program. She previously served on the Board of Directors of the Lynchburg Regional Chamber of Commerce and Amazement Square Children's Museum in Lynchburg, Virginia and is a former member of Virginia Tech's "Women in Leadership." Ms. Merryman's business management experience, extensive leadership in non-profit organizations and integral involvement in many of the communities we serve uniquely position her to be a strong advocate of the Company and to provide our Board with an important perspective on corporate strategy.

Carroll E. Shelton; Director since 1990

Mr. Shelton retired from the Company and the Bank in July 2013. He served as Vice President of the Company and Senior Vice President and Chief Credit Officer of the Bank, where he had been employed since 1973 in a variety of roles, primarily on the lending side of the Company. Mr. Shelton served as a member of the Board of Directors of the Altavista Area Chamber of Commerce. He has also served on the Hurt Town Council. He has been a member of the Exchange Club of Altavista and a member of the

Altavista Downtown Revitalization Committee. Mr. Shelton earned a Bachelor of Science degree in Mathematics from Virginia Tech and is a graduate of the Virginia Bankers School of Bank Management at the University of Virginia. Mr. Shelton brings to our Board an extraordinary understanding of our Company's business, history, organization and various constituencies, as well as extensive community banking expertise and management experience.

C. Bryan Stott; Director since 2010

Mr. Stott is First Vice President and Lynchburg Branch Manager of Stifel Nicolaus, an investment services firm. He has been with Stifel and its predecessor firms since 1984. Mr. Stott has served as President and a member of the Board of Directors of the Altavista Area YMCA and as President and a member of the Board of Directors of the Altavista Rotary Club. Mr. Stott earned a Bachelor of Arts degree from the University of Virginia and an MBA degree from Wake Forest University. Mr. Stott's executive management experience and extensive knowledge of finance adds an important dimension to our Board's composition in addition to bringing a unique perspective on corporate governance related matters and capital liquidity strategies.

Michael E. Watson; Vice Chairman of the Board; Director since 2003

Mr. Watson is Controller/Treasurer of Flippin, Bruce & Porter, Inc., a Lynchburg investment advisory firm, where he has been employed since 1997. His previous employment experience was as Chief Operating Officer for The Greenwood Partnership, Chief Financial Officer for The Lester Group and Audit Manager with Coopers & Lybrand. Mr. Watson is a member of the American Institute of Certified Public Accountants and holds a Bachelor of Science degree in Accounting from Virginia Tech. Mr. Watson provides our Board with invaluable expertise in financial accounting matters, auditing practices and risk management programs and policies.

James O. Watts, IV, Esq.; Director since 2015

Mr. Watts is Vice President of Scott Insurance, one of the largest independent insurance agencies in the Southeast, where he focuses on Commercial Property & Casualty Insurance. He has been employed with Scott since 1999. Mr. Watts received his Bachelors of Arts from the University of Virginia in 1988 and his law degree from Washington & Lee University in 1991. He practiced law at Edmunds & Williams in Lynchburg from 1991 to 1999, where he became a partner. Mr. Watts currently serves as co-chair of the Jefferson Scholars Lynchburg Regional Selection Committee and the boards of Lynchburg Beacon of Hope, Lynchburg Area Development Corporation and YMCA of Central Virginia. Mr. Watts provides the Board with valuable input based on his legal and business expertise as well as strong advocacy as the Bank seeks to enhance its presence in the Lynchburg market.

Director Recommendations and Nominations by Shareholders

While the Board's Nominating Committee has no formal procedure for shareholders to submit director recommendations, the Nominating Committee will consider candidates recommended by shareholders in writing. Such written submissions should include the name, address and telephone number of the recommended candidate, along with a brief statement of the candidate's qualifications to serve as a director. All such shareholder recommendations should be submitted to the attention of the Company's Secretary, Pinnacle Bankshares Corporation, P.O. Box 29, Altavista, Virginia 24517, and must be received by January 25, 2020, in order to be considered by the Nominating Committee for the next annual election of directors. Any candidates recommended by a shareholder will be reviewed and considered in the same manner as all other director candidates considered by the Nominating Committee.

In addition, in accordance with the Company's Bylaws, any shareholder entitled to vote in the election of directors generally may nominate one or more persons for election as director(s) at an annual meeting if the shareholder gives written notice of his or her intent to make such nomination. In accordance with the Company's Bylaws, a shareholder nomination must include the nominee's written consent to serve as a director of the Company if selected, sufficient background information with respect to the nominee including, but not limited to, the nominee's name and address, the amount and nature of the nominee's beneficial ownership of the Company's securities, his or her principal occupation for the past five years, a discussion of the specific experience, qualifications, attributes or skills that led to the conclusion that the nominee should serve as director and his or her age, sufficient identification of the nominating shareholder, including the shareholder's name and address, a description of any arrangements or understandings between the shareholder and the nominee pursuant to which the nomination is to be made by the shareholder, and a representation by the shareholder that he or she is the owner of stock of the Company entitled to vote at the annual meeting and that he or she intends to appear at the annual meeting (in person or by proxy) to nominate the individual specified in the notice. Notice of such nominations must be received by the Company's Secretary at the Company's principal office in Altavista, Virginia, no later than February 3, 2020 in order to be made for the annual election of directors in 2020, provided that such notice will not be required to be given more than 90 days prior to the date of the 2020 Annual Meeting of Shareholders. These requirements are more fully described in Article II, Section 12 of the Company's Bylaws, a copy of which will be provided, without charge, to any shareholder upon written request to the Company's Secretary.

The Nominating Committee may identify director nominees through a combination of referrals, including by management, existing Board members and shareholders, and direct solicitations, where warranted. Once a candidate has been identified, the Nominating Committee reviews the individual's experience and background, and may discuss the proposed nominee with the source of the recommendation. If the Committee believes it to be appropriate, the Nominating Committee members may meet with the proposed nominee before making a final determination whether to recommend the individual as a nominee to the entire Board of Directors to stand for election to the Board.

Shareholder Communications with the Board of Directors

The Company provides an informal process for shareholders to send communications to the Board of Directors. Shareholders who wish to contact the Board of Directors or any of its members may do so by writing to Pinnacle Bankshares Corporation, P.O. Box 29, Altavista, Virginia 24517. Correspondence sent by first class mail directed to an individual Board member will be referred, unopened, to that member. Correspondence not directed to a particular Board member will be referred, unopened, to the Chairman.

Director Compensation

The Board of Directors of the Company determines the compensation for its directors. The Company uses compensation survey information from similar sized financial institutions in Virginia to determine the appropriate levels of compensation. For 2018, all directors of the Company received an annual retainer of \$3,000, and directors of the Bank received an additional annual retainer of \$5,000. The Chairman of the Board received an additional retainer of \$3,000. The Vice Chairman of the Board received an additional retainer of \$1,500. The Chairman of the Audit Committee received an additional retainer of \$1,500, the Chairman of the Compensation Committee received an additional retainer of \$1,000 and the Chairman of the Nominating Committee received an additional retainer of \$1,000. The Company's and the Bank's outside directors also received \$350 for each committee meeting attended. Under the Company's 2014 Incentive Stock Plan, directors may choose to receive up to 100% of their director fees in the form of Company common stock.

The following table summarizes director compensation earned for 2018.

DIRECTOR COMPENSATION FOR 2018

Name (1)	Fees earned or paid in cash (\$)	Fees earned or paid in stock (2)(\$)	Total (\$)
Elton W. Blackstock, Jr.	12	13,588	13,600
Connie C. Burnette	8,700	1,400	10,100
James E. Burton, IV	16,250	0	16,250
Judson H. Dalton	7,170	3,980	11,150
Robert L. Finch, Jr.	6,635	6,615	13,250
Thomas F. Hall	3	16,497	16,500
Robert L. Johnson, II	5,578	5,572	11,150
A. Patricia Merryman	6,015	9,635	15,650
Carroll E. Shelton	14,300	0	14,300
C. Bryan Stott	1,712	14,988	16,700
Michael E. Watson	9	14,741	14,750
James O. Watts, IV, Esq.	8,014	3,486	11,500

- (1) Compensation for Director Aubrey H. (Todd) Hall, III is included in the Executive Compensation Table.
(2) Stock is restricted as to sale or transfer for one year from date of issuance.

EXECUTIVE COMPENSATION

The following table provides compensation information concerning Mr. Aubrey H. (Todd) Hall, III, President and Chief Executive Officer, Mr. Bryan M. Lemley, Secretary, Treasurer and Chief Financial Officer and Mr. Thomas R. Burnett, Jr., Vice President, the named executive officers of the Company for 2018. All compensation, other than director fees for service on the Company's Board of Directors, was paid by the Bank, the Company's wholly-owned subsidiary. The following table summarizes compensation earned by these named executive officers in 2018.

EXECUTIVE COMPENSATION TABLE FOR 2018

Name and Principal Position	Salary (\$)(1)	Bonus	Stock Awards (\$)(2)	All Other Compensation (\$)(3)	Total (\$)
Aubrey H. (Todd) Hall, III <i>President and Chief Executive Officer</i>	262,672	12,734	52,500	13,498	341,404
Bryan M. Lemley <i>Secretary, Treasurer and Chief Financial Officer</i>	164,800	8,240	24,750	5,635	203,425
Thomas R. Burnett, Jr. <i>Vice President</i>	156,954	7,848	22,500	7,143	194,445

- (1) Includes a combined Company and Bank Board retainer of \$8,000 paid in cash for 2018 for Mr. Hall.
(2) The amounts in this column reflect the aggregate grant date fair value of restricted stock awards granted during 2018 pursuant to the 2014 Incentive Stock Plan, calculated in accordance with ASC Topic 718, based on the closing price of the Company's stock on the date of grant.

- (3) “All Other Compensation” for 2018 consists of the following: for Mr. Hall, \$1,667 for additional life insurance coverage, \$9,359 in Company match under the 401(k) plan, \$372 in bank owned life insurance premiums and \$2,100 in executive health care program expenses; for Mr. Lemley \$194 for additional life insurance coverage, \$5,195 in Company match under the 401(k) plan, \$246 in bank owned life insurance premiums; and for Mr. Burnett, \$768 for additional life insurance coverage, \$5,768 in Company match under the 401(k) plan and \$607 in bank owned life insurance premiums. The cost for additional life insurance coverage in excess of \$50,000 provided by the Company’s group-term life insurance policy for employees is based on the imputed cost of coverage calculated using the IRS Premium Table.

PRINCIPAL ACCOUNTANT

The Audit Committee has selected the firm of Cherry Bekaert LLP as the Company’s independent registered public accounting firm to audit the books of the consolidated Company for the current year, to report on the consolidated statement of financial position and related statement of earnings of the Company, and to perform such other appropriate accounting services as may be required by the Audit Committee. Cherry Bekaert LLP audited the books of the consolidated Company for 2018. A representative of Cherry Bekaert LLP is expected to be present at the Annual Meeting and will be given the opportunity to make a statement if he so desires, and to respond to appropriate questions of the shareholders.

OTHER BUSINESS

As of the date of this Proxy Statement, management of the Company has no knowledge of any matters to be presented for consideration at the Annual Meeting other than those referenced above. If any other matters properly come before the Annual Meeting, the persons named in the accompanying proxy intend to vote such proxy, to the extent entitled, in accordance with the determination of a majority of the Board of Directors.

SHAREHOLDER PROPOSALS FOR 2020 ANNUAL MEETING

In accordance with the Company's Bylaws, proposals of shareholders intended to be presented at the 2020 Annual Meeting (other than director nominations) must be received by the Company's Secretary no later than November 5, 2019, provided that if the 2020 Annual Meeting is held more than 30 days from April 9, 2020, such notice must be given not less than 90, nor more than 120, days prior to the date set for the 2020 Annual Meeting. In addition, the Board of Directors need not include an otherwise appropriate shareholder proposal in its proxy statement or form of proxy for the 2020 Annual Meeting unless the proposal meets the requirements of Rule 14a-8 under the Exchange Act and is received by the Company's Secretary, at the Company's principal office in Altavista, Virginia, on or before November 5, 2019, provided that if the 2020 Annual Meeting is held more than 30 days from April 9, 2020, the deadline for such a proposal is a reasonable time before the Company prints its proxy materials for the 2020 Annual Meeting.

The proxy solicited by the Board of Directors for the 2020 Annual Meeting will confer discretionary authority to vote on any shareholder proposal presented at the meeting if the Company has not received notice of such proposal by November 5, 2019, in writing delivered to the Company's Secretary.

By Order of the Board of Directors



Bryan M. Lemley
Secretary

Altavista, Virginia
March 4, 2019

A copy of the Company's Annual Report for the year ended December 31, 2018, will be furnished without charge to shareholders upon written request directed to the Company's Secretary at the address set forth on the first page of this Proxy Statement.