

August 31, 2020

- Virginia Bank Bankshares, Inc. (VABB) has entered into an agreement to merge with and into Pinnacle Bankshares Corporation (PPBN), parent company of First National Bank headquartered in Altavista, Virginia. Upon completion of the proposed merger, Virginia Bank & Trust Company also will merge with and into First National Bank, and branch offices of Virginia Bank & Trust Company will be rebranded as First National Bank offices.
- The merger will create a larger and stronger institution, with over \$700 million in assets, expanded product offerings, a larger branch network, and enhanced scale and efficiency expected to drive further growth, profitability and long-term value creation for employees, customers and shareholders.
- Completion of the merger is subject to customary conditions, including regulatory approvals and approvals by VABB's and PPBN's shareholders.
- As a shareholder of VABB, you will receive either \$16.00 in cash or 0.54 shares of PPBN common stock for each share of VABB common stock you own, upon completion of the merger.
- In the next few weeks, we plan to send two separate mailings with very important documents for you as a shareholder of VABB.
 - The first mailing will contain a joint proxy statement/prospectus, which will include details regarding the shareholder meeting being held to consider the merger and additional information about VABB, PPBN, and the proposed merger. The joint proxy statement/prospectus also will include a proxy card, which will allow you to vote by mail, the Internet, or telephone.
 - The second mailing will include an election form, which will allow you to indicate whether you would prefer to receive all PPBN stock, all cash, or a combination of stock and cash in exchange for your shares of VABB common stock. The merger agreement requires that these elections be allocated such that 60% of the total shares of VABB are exchanged for PPBN stock, and 40% of VABB shares are exchanged for cash. As a result, the form of the merger consideration you ultimately receive may be different from what you elect and will depend upon your election and the elections of other VABB shareholders. Because shares as to which an election has been made will receive priority in allocating the merger consideration, it is important that you promptly return the election form.

- Please respond to both of these mailings promptly after you receive them to vote your shares and make an election as to your preferred merger consideration; however, please do not surrender any stock certificates with either of these mailings.
- After shareholders of VABB and PPBN each vote to approve the merger at their respective shareholder meetings, we expect that we will be ready to complete the merger. We currently anticipate that we will complete the merger during the fourth quarter of 2020.
- After the merger is completed, you will receive a transmittal letter from the transfer agent, Computershare, in the mail, which will contain instructions to surrender your VABB shares and receive your shares of PPBN common stock and/or cash. After you have returned the transmittal materials and surrendered your shares of VABB common stock, you will receive your shares of PPBN stock and/or a check for the cash portion based on your election and the allocation procedures as outlined above.

We trust this will help clarify the process and should you have any questions, please reach out to us here at Virginia Bank & Trust.

Caution Regarding Forward-Looking Statements

This communication may contain forward-looking statements within the meaning of federal securities laws. Forward-looking statements include, but are not limited to, statements about (i) the benefits and impact of the proposed merger between PPBN and VABB, (ii) PPBN's and VABB's plans, obligations, expectations, beliefs and intentions and (iii) other statements in the communication that are not historical facts. Words such as "anticipates," "believes," "projects," "potential," "intends," "should," "expects," "will," "may," and variations of similar expressions often accompany forward-looking statements. These statements are based on the beliefs of the respective managements of PPBN and VABB as to the expected outcome of future events as of the date hereof and are not guarantees of future performance. These statements involve certain risks, uncertainties and assumptions that are difficult to predict with regard to timing, extent, and degree of occurrence. Results and outcomes may differ materially from what may be expressed or forecasted in or implied by forward-looking statements. Factors that could cause results and outcomes to differ materially include, among others, the ability to obtain required regulatory and shareholder approvals and meet other closing conditions to the transaction; the ability to complete the merger as expected and within the expected timeframe; disruptions to customer and employee relationships and business operations caused by the merger; the ability to implement integration plans associated with the transaction, which integration may be more difficult, time-consuming or costly than expected; the ability to achieve the cost savings and synergies contemplated by the merger within the expected timeframe, or at all; changes in local and national economies, or market conditions; changes in interest rates; regulations and accounting principles; changes in policies or guidelines; loan demand and asset quality, including real estate values and collateral values; deposit flow; and the impact of competition from traditional or new sources.

Forward-looking statements speak only as of the date hereof. All of the forward-looking statements made in this communication are expressly qualified by the cautionary statements contained herein. Readers are cautioned not to rely on the forward-looking statements contained in this communication, as no assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if any of them do occur, their ultimate impact on the results of operations or financial condition of PPBN or VABB. Additional information about the proposed merger and the factors that may impact the forward-looking statements may be found in the registration statement on Form S-4 that PPBN has filed with the Securities and Exchange Commission (the "SEC"), including under the heading "Risk Factors."

Additional Information about the Merger and Where to Find It

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer or sale of securities shall be made except by means of a prospectus meeting the requirements of the Securities Act of 1933, as amended. In connection with the proposed merger between PPBN and VABB, PPBN has filed with the SEC a registration statement on Form S-4 with respect to the offering of PPBN common stock as the merger consideration under the Securities Act of 1933, as amended, which includes a preliminary joint proxy statement of PPBN and VABB and a prospectus of PPBN. A definitive joint proxy statement/prospectus will be sent to the shareholders of each company seeking the required shareholder approvals. **Investors and security holders are urged to read the registration statement and read the definitive joint proxy statement/prospectus and other relevant documents when they become available because they will contain important information about the merger.**

Investors and security holders may obtain free copies of these documents through the website maintained by the SEC at <http://www.sec.gov>. Security holders of PPBN may also

obtain free copies of these documents by directing a request by telephone or mail to Pinnacle Bankshares Corporation, 622 Broad Street, Altavista, Virginia 24517; 434-369-3000. Security holders of VABB may also obtain free copies of these documents by directing a request by telephone or mail to Virginia Bank Bankshares, Inc., 336 Main Street, Danville, Virginia 24541; 434-793-6411.

PPBN, VABB and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of PPBN and VABB in connection with the merger. Information about the directors and executive officers of PPBN and VABB may be obtained by reading the joint proxy statement/prospectus regarding the merger when it becomes available. Additional information regarding the interests of these participants and other persons who may be deemed participants in the merger may be obtained by reading the joint proxy statement/prospectus regarding the merger when it becomes available.