

**THE CHARTER OF COMPENSATION COMMITTEE  
OF  
PINNACLE BANK**

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## ARTICLE 1

### DUTIES AND RESPONSIBILITIES

#### Section 1.1 General Purpose.

The Compensation Committee of Pinnacle Bank (the "Bank") shall have the following general duties:

- a) Responsibility for approving and evaluating the Bank directors' and executive officers' (as that term is defined in Rule 16a-2 promulgated under the Securities Exchange Act of 1934, as amended, the "Officers") compensation and plans, policies and programs, related corporate governance practices and ensuring that such plans are consistent with strong safety and soundness practices related thereto; and
- b) Oversight responsibility of employee compensation and benefits plans, policies and programs, and related corporate governance practices including ensuring that such plans policies and programs are consistent with strong safety and soundness practices and are effective in aligning the interests of the employees with those of the Bank's stockholders.

#### Section 1.2 Reporting to Board; Board Responsibility.

The Compensation Committee shall report regularly to the Board of Directors of the Bank. The Board and management shall ensure that the Compensation Committee has adequate resources and authority to discharge its responsibilities.

#### Section 1.3 Director Compensation.

The Compensation Committee shall, at least annually, review, adjust (as necessary), and approve the Bank directors' compensation, including cash, equity, or other compensation for service on the Board, any committee of the Board and as Chair of the Board or any committee of the Board.

#### Section 1.4 Chief Executive Officer Compensation.

The Compensation Committee shall, working with the Chief Executive Officer ("CEO"), set the CEO's goals at the beginning of each calendar year. The compensation Committee shall be responsible for obtaining information from management and the Board with respect to the performance of the CEO in connection with these goals at the end of each calendar year. The Compensation Committee shall, at least annually, review, adjust (as necessary), and approve the CEO's compensation, including annual base salary, annual incentive bonus (including specific goals and amount), equity compensation, employment agreements, severance agreements, change in control agreements/ provisions, and any other benefits, compensation or arrangements. Factors to consider in this compensation review include, but are not limited to, the CEO's performance with respect to the aforementioned goals and market compensation data provided by third parties. The Compensation Committee shall also ensure such plans are consistent with strong safety and soundness practices and appropriately align the interests of employees with those of (the Bank's) stockholders.

**Section 1.5 Officer Compensation.**

The Compensation committee shall, at least annually, review, adjust (as necessary), and approve (the "Banks") Officers' (other than the CEO) compensation, including annual base salary, annual incentive bonus (including specific goals and amount), equity compensation, employment agreements, severance agreements, change in control agreements/provisions, and any other benefits, compensation or arrangements. The Compensation Committee shall also ensure such plans are consistent with strong safety and soundness practices and appropriately align the interests of employees with those of (the Bank's) stockholders.

**Section 1.6 Employee Compensation and Benefits Programs.**

The Compensation Committee shall, at least annually, review and approve the long-term and short-term compensation strategy and compensation and employee benefit plans (including implementing or modifying any qualified benefit programs, such as 401(k) plans or employee stock option plans and incentive bonus plans, retention programs, and other retirement plans). The Compensation Committee shall also, at least annually, review and approve the Company's health and welfare plans. The Compensation Committee shall work with management and, if desired, outside consultants, in reviewing the Bank's compensation plans to ensure that they meet the Bank's needs, and are effective in attracting and retaining qualified employees. The Compensation Committee shall also ensure such plans are consistent with strong safety and soundness practices and appropriately align the interests of employees with those of (the Bank's) stockholders.

**Section 1.7 Stock Options and Stock Grants.**

The Compensation Committee shall review and recommend approval to the Board all stock options and stock grants awarded to employees of the Bank.

**Section 1.8 Compensation Consultant.**

The Compensation Committee shall have the authority, to the extent it seems necessary, to retain and terminate an outside compensation consultant to assist in the evaluation of director, CEO, Officer and other compensation and benefits matters. The Compensation Committee shall have the authority to approve the compensation consultant's fees and other retention terms. The Compensation Committee shall also have the authority, to the extent it seems necessary, to retain internal or external legal, accounting or other consultants or advisers to advise the Compensation Committee.

**Section 1.9 Proxy Statement Reports.**

The Compensation Committee shall be responsible for producing, at least annually, a report on Officer Compensation for inclusion in the Bank proxy statement for its annual meeting of stockholders, which report shall be in compliance with applicable law, such as the rules and regulations of the Securities and Exchange Commission, and the rules of the NASDAQ Stock Market.

## ARTICLE 2

### ORGANIZATION

#### **Section 2.1 Membership.**

The Compensation Committee will consist of no fewer than three (3) members. All members of the Compensation Committee must be Outside Directors.

An "Outside Director" is any director of the Bank who is independent as determined in accordance with applicable law, including the Sarbanes-Oxley Act of 2002, the rules and regulations of the Securities and Exchange Commission (including the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended) and the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the rules of the NASDAQ Stock Market, except as otherwise permitted by the rules of the NASDAQ Stock Market.

#### **Section 2.2 Appointment and Term.**

The Board will nominate the Chair and other members of the Compensation Committee for a term of one year, subject to approval by the Board, and the Chair and other members of the Compensation Committee will serve at the discretion of the Board.

#### **Section 2.3 Duties of Chair.**

The Chair will preside at all meetings of the Compensation Committee and perform any duties as may be assigned by the Board from time to time.

#### **Section 2.4 Secretary of Committee.**

The Chair of the Compensation Committee will appoint a Secretary of the Compensation Committee, subject to approval by the Compensation Committee. The Secretary is not required to be a member of the Board, but must be an employee of the Bank.

#### **Section 2.5 Resignation.**

Any member of the Compensation Committee may resign, effective upon giving written notice to the Chair of the Board unless the notice specifies a later time for the effectiveness of the resignation.

#### **Section 2.6 Vacancies.**

All vacancies on the Compensation Committee, however created, may be filled by the Board, subject to approval by the Board. Each member of the Compensation Committee so appointed will hold office until the expiration of the appointed term and until a successor is appointed and qualified.

#### **Section 2.7 Regular Meetings.**

Meetings will be held no less than three times per year and more frequently as needed.

**Section 2.8 Special Meetings.**

Special meetings of the Compensation Committee may be called at any time by the Chair of the Compensation Committee, any two voting members of the Committee, the Chief Executive Officer of the Bank, or by a majority of the Board.

**Section 2.9 Voting.**

If the Compensation Committee is comprised of an even number of directors, one-half of the number of directors will constitute a quorum for the transaction of business. If the Compensation Committee is comprised of an odd number of directors, a majority of the compensation committee members will constitute a quorum for the transaction of business. Every action consented to by a majority of the Compensation Committee members present at a meeting (at which quorum is present) will be regarded as an act of the Compensation Committee, unless other consent is required pursuant to this Charter, the Certificate of Incorporation or Bylaws of the Bank or applicable law.

**Section 2.10 Minutes.**

The Secretary of the Compensation Committee will maintain minutes and other relevant records of the meetings and activities of the Compensation Committee. The minutes will be available for review by the Board and any regulatory agency having jurisdiction over the affairs of the Bank. In the event of any meeting in "executive session" or otherwise where the Secretary is not present, the Chair will designate an Acting Secretary of the Compensation Committee for the purpose of recording the minutes of actions taken at the meeting or "executive session" thereof.

**Section 2.11 Telephone Conference Meetings.**

Members of the Compensation Committee may participate in a meeting through use of conference telephone or similar communication equipment, so long as all members participating in the meetings can hear one another. Participation in a meeting pursuant to this Section constitutes presence in person at the meeting.

**Section 2.12 Amendments.**

This Charter of the Compensation Committee may be amended only by resolution of the Board.

**Section 2.13 Delegation of Authority.**

This Compensation Committee may form and delegate authority to subcommittees when appropriate.