

PINNACLE BANKSHARES CORPORATION

Altavista, Virginia



Compensation Committee Charter

Purpose

The Compensation Committee (the “Committee”) is a standing committee of the Board of Directors (the “Board”) of Pinnacle Bankshares Corporation and subsidiaries (the “Company”). The purpose of the Committee is to oversee the administration of the Company’s compensation and benefit programs and to review and determine the compensation of the Company’s Chief Executive Officer and such other members of Senior Management as the Committee may decide. The Committee shall prepare a report on executive compensation for inclusion in the Company’s Annual Proxy Statement.

Membership

The Committee shall consist of three (3) or more members of the Board, each of whom shall meet independence requirements of applicable laws and regulations. Committee members shall be appointed by the Board of Directors annually upon the recommendation of the Nominating Committee and shall serve at the pleasure of the Board. The Committee shall designate one of its members as Chairperson.

Meetings

The Committee shall meet as often as necessary to fulfill its duties and responsibilities but not less than one (1) time per year. The Committee may invite such members of management to its meetings as it may deem desirable or appropriate, consistent with maintenance of the confidentiality of compensation discussions. Minutes for all meetings of the Committee shall be prepared to document the Committee’s discharge of its responsibilities. Minutes shall be approved at a subsequent meeting of the Committee and shall be distributed periodically to the full Board. The Committee shall make reports of its meetings to the full Board and will

provide the Board with a recommendation regarding any compensation related matters requiring Board action.

Authority & Responsibilities

- The Committee shall have the authority to delegate any of its responsibilities to one (1) or more subcommittees as the Committee may from time to time deem appropriate. Each such subcommittee shall consist of one (1) or more members of the Committee, the Board or members of Senior Management.
- The Committee shall have the authority to delegate any of its administrative or other responsibilities to members of Senior Management of the Company.
- The Committee shall have the authority, to the extent it deems necessary or appropriate in carrying out its responsibilities, to select, retain and terminate consultants and other professional advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of fees and expenses of any consultants and advisors retained by the Committee.
- The Committee shall annually review the Company's goals and objectives relevant to the compensation of the Chief Executive Officer and shall evaluate the performance of the Chief Executive Officer in light of these goals and objectives. Based on such evaluation, the Committee shall set the compensation (including base salary, incentive compensation and equity-based awards) of the Chief Executive Officer. In determining such compensation, the Committee shall consider, along with other factors it deems appropriate from time to time, the Company's performance and the compensation of Chief Executive Officers at comparable companies.
- The Committee may also review and approve the compensation of other members of Senior Management as it may deem appropriate.
- The Committee shall, in consultation with Senior Management, oversee management's decisions concerning performance and compensation of other officers and staff members of the Company.
- The Committee shall review and recommend equity-based compensation plans to the full Board and shall review and approve changes to the Company's equity-based compensation plans other than those changes that require shareholder approval.
- The Committee shall review and recommend to the full Board changes to the Company's equity-based compensation plans that require shareholder approval.

- The Committee shall approve all grants and awards made under the Company's equity-based compensation plans.
- The Committee shall review the terms of the Company's retirement, health and welfare plans and shall approve changes in such plans that result in a material change in costs or the benefit levels provided.
- The Committee shall produce an annual report on executive compensation for inclusion in the Company's Proxy Statement, all in accordance with applicable rules and regulations.
- The Committee shall review its Charter and evaluate its own performance on an annual basis.
- The Committee shall also carry out such other duties as may be delegated to it by the Board from time to time.

Approved by the Compensation Committee - January 25, 2007.

Adopted by the Board of Directors - February 13, 2007.

Reviewed and Approved by the Compensation Committee - January 30, 2008

Acknowledged by the Board of Directors – February 12, 2008

Reviewed and Approved by the Compensation Committee – February 11, 2009

Acknowledged by the Board of Directors - March 10, 2009

Reviewed and Approved by the Compensation Committee – January 22, 2010

Acknowledged by the Board of Directors – February 9, 2010

Reviewed and Approved by the Compensation Committee – February 17, 2011