

**TOWNEBANK**

**CHARTER OF THE NOMINATING AND  
CORPORATE GOVERNANCE COMMITTEE  
OF THE BOARD OF DIRECTORS**

**Purpose:**

The Nominating and Corporate Governance Committee (the “Committee”) is a committee of TowneBank’s Board of Directors. The purpose of the Committee is to (i) carry-out the responsibilities delegated by TowneBank’s Board of Directors relating to its director nominations process, (ii) develop and maintain TowneBank’s corporate governance policies, and (iii) oversee any related matters required under federal securities laws.

**Membership:**

The Committee shall consist of three or more directors appointed by the Board of Directors from time to time. Each member of the Committee shall be an Independent Director as defined under Rule 5605(a)(2) of the Nasdaq Stock Market Rules; provided, however, that if the Committee has no fewer than three Independent Directors, the Board may in exceptional and limited circumstances appoint a member who does not qualify as an Independent Director. Such non-independent member may not be an executive officer or employee of TowneBank, or a family member of an executive officer or employee, and such member may not serve on the Committee for more than two years. Disclosure of the appointment of such member and application of the exception to the Nasdaq Stock Market Rules must be made through TowneBank’s annual proxy statement. The Board may remove any member from the Committee at any time with or without cause.

The Board shall designate a Chairperson for the Committee. In the absence of the Chairperson at any meeting of the Committee, the members of the Committee that are present at the meeting may designate a Chairperson for the meeting by majority vote.

The Committee may form and delegate authority to other committees of the Board or subcommittees as it deems appropriate.

**Meetings:**

The Committee shall meet as often as necessary to carry out its responsibilities and at least once per year. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other electronic communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Committee may allow certain of TowneBank's officers or employees, outside counsel, independent auditor or other advisors, as the Committee deems appropriate, to be present at meetings of the Committee.

The Committee shall maintain and submit to the Board the minutes of all meetings of the Committee.

### **Authority and Responsibilities:**

The Committee shall have the following authority and responsibilities:

1. To administer TowneBank's Director Nominations Policy and carry out the following responsibilities with respect to such policy and related nomination authority:
  - a. determine the minimum qualifications, skills, and other expertise required to be a director and to develop, and recommend to the Board for its approval, criteria to be considered in selecting nominees for director.
  - b. To identify and screen individuals qualified to become members of the Board, consistent with criteria approved by the Board. The Committee shall screen director candidates recommended by shareholders in accordance with applicable laws, rules, and regulations, and the provisions of TowneBank's articles of incorporation and bylaws. The Committee shall evaluate any director candidates recommended by TowneBank's shareholders on the same basis as incumbent directors.
  - c. To make recommendations to the Board regarding the nominees for director to be submitted to a shareholder vote at the annual meeting of shareholders, subject to approval by the Board.
  - d. To actively develop a diverse board by expanding board recruitment efforts to identify individuals from a variety of different backgrounds and skillsets.
  - e. To review the Director Nominations Policy periodically and recommend any changes to the Board.
2. To oversee TowneBank's other corporate governance practices and procedures, including identifying best practices and reviewing and recommending to the Board for approval any changes to the documents, policies and procedures in TowneBank's corporate governance framework, including its articles of incorporation and bylaws.
3. To develop, subject to approval by the Board, a process for a periodic evaluation of the Board and its committees and to oversee the conduct of such evaluation.

4. To review the Board's committee structure and composition and to make recommendations to the Board regarding the appointment of directors to serve as members of each committee and committee chairpersons annually.
5. If a vacancy on the Board or any Board committee occurs, to identify and make recommendations to the Board regarding the selection and approval of candidates to fill such vacancy either by election by shareholders or appointment by the Board.
6. To monitor compliance with TowneBank's Code of Conduct (the "Code"), to oversee, directly or indirectly through the executive management team, the investigation of any alleged breach or violation of the Code, to enforce the provisions of the Code and to review the Code periodically and recommend any changes to the Board.
7. To annually review and assess the adequacy of this Charter and recommend to the Board any changes. The Committee shall annually review its own performance, assessing the skills and resources required to meet its obligations under this Charter, and shall recommend to the Board such enhancements as the Committee deems prudent.
8. To carry-out such other duties as may be delegated to it by the Board from time to time.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain any search firm in order to assist in identifying director candidates and legal, accounting, or other advisors, and shall have the sole authority to approve the search firm's and advisors' fees and other retention terms, including the authority to limit the amount of fees the search firm or an advisor may earn from other services provided to TowneBank. TowneBank shall provide appropriate funding, as determined by the Committee, to allow the Committee to perform its functions, including for the fees and expenses of any search firm and outside advisors to the Committee.