

Patriot State Bank - Governance Committee Charter

I. **PURPOSE:** The primary purpose of the Committee is to provide oversight on the broad range of issues surrounding the composition and operation of the Board of Directors (the Board) of Patriot State Bank (the Bank), including (a) identifying individuals qualified to become Board members, (b) recommending director nominees to the Board for the next annual meeting of stockholders, and (c) recommending to the Board certain corporate governance principles applicable to the Bank relating to Board composition and operation. The Committee also provides assistance to the Board and the Chairman of the Board in the areas of Committee selection, and evaluation of the overall effectiveness of the Board.

The Committee's goal is to assure that the composition, practices and operation of the Board contribute to the effective representation of the Bank's stockholders.

II. **COMMITTEE MEMBERS:** The Committee shall be comprised solely of at least three but not more than six independent directors as that term is defined in relevant law. Committee members shall consist of the chairpersons of the Loan, ALCO, Audit, and Strategic Planning committees plus two at-large members selected by the full Board. The Committee shall appoint a chairman from among its members. The Committee may delegate its authority to a subcommittee or subcommittees.

III. **COMMITTEE MEETINGS:** The Committee will meet at least twice per year, with authority to convene additional meetings, as circumstances require. A majority of appointed members shall constitute a quorum. If a quorum is present, a majority of the members present shall decide any question brought before the Committee.

The Committee may invite members of management and others to attend meetings and provide pertinent information, as necessary. Minutes will be prepared and the Committee will report to the Board the results of its meetings.

IV. **DUTIES AND RESPONSIBILITIES:** The Committee has the following specific duties, in addition to any additional similar matters, which may be referred to the Committee from time to time by the full Board.

1. Evaluate and make recommendations to the full Board concerning the number and responsibilities of the members of the Board, Board Committees, Committee assignments, director compensation, and Committee membership rotation practices.

2. Establish and articulate qualifications, desired background, and selection criteria for members of the Board, including independence standards, all in accordance with relevant law.

3. Make recommendations to the full Board concerning all nominees for Board membership, Chairman, and Vice Chairman, including the evaluation and re-election of incumbent Board members.

4. On an annual basis, solicit input from the full Board and conduct a review of the effectiveness of the operation of the Board and Board Committees.

5. Develop corporate governance principles and guidelines applicable to the Bank (See Corporate Governance Issues and Policy Guidelines).

6. Evaluate annually the Committee's performance in accordance with applicable relevant law.

V. **ADVISORS:** The Committee shall have the exclusive authority, at the expense of the Bank, to retain (including authority to approve fees and other retention terms) any such firms to be used to identify director candidates, and such independent consulting, legal and other advisors as it shall deem appropriate without management approval.

VI. **PERFORMANCE REVIEW:** The performance of the Committee shall be evaluated annually, which evaluation may be included as a part of the Board surveys.

This Charter sets forth the responsibilities and powers of the Governance Committee as delegated by the Board of Directors. The Committee relies to a significant extent on information and advice provided by management and independent advisors. Whenever the Committee takes an action, it exercises its independent judgment on an informed basis that the action is in the best interests of the Bank and its stockholders.