



**CITIZENS BANCSHARES CORPORATION  
CHARTER FOR THE GOVERNANCE & NOMINATING COMMITTEE  
OF THE BOARD OF DIRECTORS**

**I. Purpose**

The Governance & Nominating Committee (“GNC”) of the Board of Directors (the “Board”) of Citizens Bancshares Corporation (the “Company”) is a committee of the Board and shall be responsible for matters related to the composition and operation of the Board of Directors and associated issues of Corporate Governance. The GNC’s goal is to ensure that the Board is properly constituted to meet its fiduciary obligations to the company’s stockholders and the company, and that the company has and follows appropriate corporate governance standards.

The Committee’s purposes shall be:

- A. To recommend to the Board from time to time enhancements to the structure and operation of the Board, to identify individuals qualified to serve as members of the Board consistent with criteria approved by the Board, to identify and recommend that the Board appoint directors or recommend individuals as nominees for the next annual meeting of stockholders and to fill vacancies on the Board;
- B. To recommend to the Board the responsibilities of each standing Board committee, enhancements to the structure and operation of each standing Board committee, committee rotation, and the director nominees for assignment to each Board committee;
- C. To oversee the Board’s periodic evaluation of its performance and the performance of the Board committees;
- D. To oversee the review and consideration of developments in corporate governance practices; and
- E. To develop and recommend to the Board for adoption a set of Corporate Governance Guidelines applicable to the Company and to periodically review and recommend any changes to the same;
- F. Annually to review and make recommendations to the Board with respect to the compensation of directors, including equity based compensation as applicable.

In addition, the GNC will undertake those specific responsibilities described herein and such other duties or responsibilities as the Board of Directors may from time to time prescribe.

**II. Membership**

- A. The Committee shall be composed of at least three (3) directors, each of whom must be independent as determined in accordance with the rules of the NASDAQ Stock Market. A director shall qualify as independent if the Board affirmatively determines that the

director is independent based upon the independence criteria set forth in the Company's Corporate Governance Guidelines as amended from time to time.

- B. As practicable, members appointed to the GNC should not be currently the chairperson of any other Board committee in order to assure independent assessment of performance by the full Board and its committees.
- C. The members of the GNC will serve at the discretion of the Board and shall serve for one-year terms. The Committee shall recommend, and the Board shall designate, one member of the Committee to serve as Chairperson. The members of the Committee shall serve until their resignation, retirement, or removal by the Board or until their successors shall be appointed. No member of the Committee shall be removed by the Board except by majority vote of the independent directors of the full Board then in office.

### **III. Meetings and Procedures**

- A. The Committee shall meet as often as it may deem necessary and appropriate in its judgment, but in no event less than four (4) times per year. A majority of the members of the Committee shall constitute a quorum.
- B. The Chairperson of the Committee or a majority of the members of the Committee may call a special meeting of the Committee.
- C. The Committee may delegate authority to one or more members of the Committee when appropriate, but no such delegation shall be permitted if the authority is required by a law, regulation, or listing standard to be exercised by the Committee as a whole.
- D. The Committee may request that any directors, officers, or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting to provide such information as the Committee requests.
- E. The GNC shall have the authority to solicit and obtain advice and assistance from internal or external legal, accounting, search firm, or other advisors.
- F. The Committee shall fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter.
- G. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.
- H. The Committee shall make regular reports to the Board on the matters discussed at each meeting of the Committee, including describing all actions taken by the Committee at the meeting.

### **IV. Duties and Responsibilities**

The Committee shall have the following resources, duties and responsibilities:

#### Nominating

- A. Resources. The Committee shall have:

1. Sole responsibility and necessary funding to retain, set compensation and retention terms for, and terminate any search firm to be used to identify director candidates.
2. Access to internal advisors and all other resources within the Company to assist it in carrying out its duties and responsibilities.

B. *Duties with respect to Board Size and Composition.* The Committee shall:

1. Consider and recommend to the Board the appropriate size, function, and needs of the Board, taking into account that the Board as a whole shall have competency in the following areas: (i) industry knowledge; (ii) accounting and finance; (iii) business judgment; (iv) management; (v) leadership; (vi) business strategy; (vii) crisis management; (viii) corporate governance; and (ix) risk management. The Board also seeks members from diverse backgrounds so that the Board consists of members with a broad spectrum of experience and expertise and with a reputation for integrity. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated, and have the potential to make significant contributions to the Company.
2. Determine what types of backgrounds, skills, and attributes of Board members are needed to help strengthen and balance the Board, taking into account the competencies described above, and actively seek individuals qualified to become Board members and maintain an active file of suitable candidates for consideration as nominees to the Board.
3. Recommend to the Board one member of the Board to serve as Chairperson of the Board, separate from the position of Chief Executive Officer. The Chairperson shall preside at all meetings of the Board and at meetings of the stockholders in accordance with the Bylaws. The director who is appointed Chairperson shall be reaffirmed by at least a majority of the remaining directors upon his or her reelection to the board by the shareholders.
4. Evaluate and recommend to the Board the slate of nominees for directors to be elected by the stockholders at the Company's next annual meeting of stockholders and to fill vacancies.
5. Review director nominees submitted by stockholders of the Company.
6. Review and make recommendations to the Board regarding any offers by directors to resign from the Board.

C. *Duties with respect to Board Committees.* The Committee shall:

1. Recommend to the Chairman of the Board the responsibilities (including changes to the responsibilities) of the standing Board committees, including each committee's structure, operations, and authority to delegate to subcommittees.

2. Evaluate and recommend to the Chairman of the Board those directors to be appointed to the various Board committees, including the persons recommended to serve as chairperson of each committee. Recommendations will consider, among other things: (i) the qualifications for membership on each committee; (ii) the Board's retirement policy; (iii) the current policy on periodic rotation of directors among the committees; (iv) any limitations on the number of consecutive years a director should serve on any one committee; and (v) the number of boards and other committees on which the directors serve.
3. Consult with the CEO as appropriate and other Board members to assure that its decisions are consistent with the sound relationship between and among the Board, Board committees, individual directors and management.

Corporate Governance

A. Duties with respect to Evaluation of the Board and Board Committees. The Committee shall:

1. Oversee the annual evaluation of the Board and its standing committees, taking into account, with respect to the Board and Board committee evaluations, and deliver or cause to be delivered reports to the Board setting forth the results of such evaluations.
2. Monitor director performance throughout the year (noting particularly any directors who have reported to the Board or the Committee any change in their primary job responsibilities or the assumption of any additional directorships since their last assessment) and recommend to the Chairman of the Board appropriate disciplinary processes for use in the event of individual director non-performance or behaviors deemed unsuitable for a member of the Board of Directors.
3. Annually review and assess the performance of the GNC and deliver a report to the Board setting forth the results of its evaluation. In conducting this review, the committee shall address matters that it considers relevant to its performance, including, at a minimum, the adequacy, appropriateness and quality of the information and recommendations presented to the Committee, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

B. Duties with respect to General Corporate Governance Matters. The Committee shall:

1. At least annually review and assess the adequacy of the Company's Corporate Governance Guidelines and recommend any changes to the Board for its approval and adoption.
2. Recommend general matters for consideration by the Board, including: (i) the structure of Board meetings, including recommendations for the improvement of such meetings; (ii) director retirement policies; (iii) director and officer insurance policy requirements; (iv) compensation of non-management directors; (v)

policies regarding the number of boards on which a director may serve; and (vi) the number of outside directorships of the Company's senior executives.

3. Oversee the establishment of the Board's policies and procedures for stockholder communications with the Board and establish, maintain and disclose a method for interested parties to communicate directly with the Chairperson of the Committee so that such parties may make any concerns known to the non-management directors.
4. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for its approval.
5. Periodically evaluate and recommend to the Board an appropriate member of the Audit Committee to serve as the "audit committee financial expert" as determined in accordance with the rules and regulations of the Securities and Exchange Commission.
6. Perform any other activities consistent with this Charter, the Company's Amended and Restated Certificate of Incorporation, the Company's Bylaws, the Company's Corporate Governance Guidelines and governing law, as the Committee or the Board deems necessary or appropriate.

**EXHIBIT A**

**Criteria for the Evaluation of  
The Board of Directors and its Committees**

1. Representation of Stockholders. Clearly recognizes the role of directors to represent the interests of the Company and its stockholders. Understands the difference between the function of the Board (or Committee) and that of Company management.
2. Judgment and Knowledge. Demonstrates judgment and knowledge in the ability to assess Company strategy, business plans, management evaluation, and other key issues. Demonstrates competency in the following areas as applicable:
  - i. Industry knowledge
  - ii. Accounting and finance
  - iii. Business judgment
  - iv. Management
  - v. Leadership
  - vi. International markets
  - vii. Business strategy
  - viii. Crisis management
  - ix. Corporate governance
  - x. Risk management
3. Meaningful Participation. Manifests confidence and willingness to express ideas and engage in constructive discussion. Actively participates in decision-making and is willing to make tough decisions. Members demonstrate diligence and faithfulness in attending Board and committee meetings.
4. Communications. Communication flows freely within the Board (or Committee) and with Company management. Serves as a good sounding board for the CEO. Willing to challenge itself and the CEO. Asks insightful questions and raises thought-provoking perspectives. Willing to hold management accountable for performance and results. Mindful not to get overly involved in operational details and the management process. Evidences characteristics of a team that works well while not necessarily always agreeing. Listens with an open mind.
5. Suitability. Fulfills legal and fiduciary responsibilities. Cooperates with management and Company employees, when applicable, regarding requests for information in completing public filings or responding to regulatory inquiries. Makes appropriate time commitments for Board (or Committee) service. Demonstrates no conflicts of interest. Satisfies applicable requirements for “independence” as set forth in the Company’s Corporate Governance Guidelines.
6. Expertise. Each member makes individual expertise available to the Board (or Committee.) The Board (or Committee) as a whole draws on its relevant experience in addressing issues facing the Company. Willing to respond to appropriate requests from the CEO outside of Board (or Committee) meetings for advice and support.
7. Vision and Leadership. Understands Company philosophy and strategy. Oriented toward the future, and sensitive to future direction of the industry. Understands the Company’s short and long term goals and objectives. Understands the Company’s business and its competitors. Supports the Company’s mission and values and is open, honest and direct.

Evidences ability to think through who the management of the Company should consist of and what they should do.

8. Professional Status. Members maintain standing and reputation in the business, professional and social communities in which such members operate. Appropriately represent the Company in all such communities.

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