

# **FLAG FINANCIAL CORPORATION**

## **NOMINATING COMMITTEE CHARTER**

### **Purpose of the Nominating Committee**

The Board of Directors has established the Nominating Committee of the Board to (1) identify individuals qualified to become members of the Board, and (2) select, or recommend to the Board, the directors nominees for the next annual shareholders meeting.

### **Members of the Nominating Committee**

The Committee must be comprised of at least three and no more than five members of the Board. The Committee must be comprised solely of independent directors, although in exceptional and limited circumstances, a single non-independent director who is not an officer, employee or family member of either may serve on the Committee if (1) the Board determines that the individual's service on the Committee is in the best interests of the Company and its shareholders and (2) the Company discloses the use of this exception, as well as the individual's relationship to the Company and the basis for the Board's determination, in its next annual proxy statement.

An independent director must not be an officer or employee of the Company or its subsidiaries and must not have any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and shall otherwise satisfy the applicable independence requirements set out in the rules of the Nasdaq Stock Market or such other exchange on which the Company's securities are then listed.

No Committee member shall have an interest in the Company that would preclude his or her ability to act on behalf of all the shareholders of the Company. The Committee member shall receive the compensation paid to him or her in his or her capacity as a member of the Board and as a member of the Committee, in each case as recommended by the Compensation Committee and approved annually by the Board.

No Committee member may participate in any discussion with respect to, or vote on, any matter in which he or she is not independent. If there is any basis for believing a Committee member is not independent, the facts and circumstances should be reported to the Board, and no action should be taken until the Board, or a committee of independent directors, has determined that the Committee member is independent.

The members of the Committee shall initially be William H. Anderson, II, H. Speer Burdette, David B. Dunaway and James W. Johnson. Subsequent members shall be nominated by the Nominating Committee and elected by the Board. Each member of the Committee shall serve until such member's successor is elected and qualified or until

such director's earlier resignation or removal. Any member may resign his or her position as a member of the Committee upon notice given in writing or by electronic transmission to the Board. A member may be removed from the Committee upon the majority vote of the Board. If a Chair of the Committee is not appointed by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

### **Responsibilities of the Nominating Committee**

The responsibilities of a member of the Committee are in addition to those responsibilities set out for a member of the Board.

In addition to the matters set forth herein, the Committee will perform such other functions as required by law, the listing requirements of any stock exchange on which the Company's securities are listed, the Company's Articles of Incorporation or Bylaws, and Board resolution.

The Committee is responsible to the Board for the following activities:

- Establishing the criteria for selecting new members of the Board, which criteria shall include, among other factors that the Committee may deem appropriate, the person's experience as a director, current and past employment, and knowledge of the Company and of the financial services industry generally;
- Retaining and terminating search firms to the extent the Committee deems necessary or advisable for the purpose of identifying director candidates;
- Approving such search firm's fees and the terms of their engagement;
- Actively seeking persons qualified to be members of the Board and nominating them to the Board;
- Interviewing prospective candidates;
- Review the appropriateness of continued Board membership of a member who experiences a change in employment, board membership of another company, or other relevant matter.

### **Meetings**

The Committee shall meet at least annually and may from time to time require specially called meetings, as deemed necessary by the Chair of the Committee or a majority of its members. The Chair of the Committee will preside at each meeting of the Committee and shall set the length of each meeting and the agenda of items to be addressed at each meeting.

### **Subcommittees**

The Committee may, by resolution passed by a majority of the Committee, designate one or more subcommittees, each subcommittee to consist of one or more of the members of the Committee. The Committee may delegate such authority to a subcommittee as the Committee deems appropriate.

### **Reporting**

The Committee shall maintain written minutes of all meetings and consent actions, which shall be recorded or filed with the books and records of the Company and made available to the Board. The Committee will make regular reports to the Board with respect to its activities. Reports of significant matters presented at meetings of the Committee will be given by the Chair of the Committee to the Board, as required by law, regulations, or applicable stock exchange listing requirements.

### **Assistance from Others**

The Committee may engage external advisors, compensation consultants or independent counsel, to the extent determined appropriate by the Committee, to facilitate the performance of the functions of the Committee. All external advisors engaged by the Committee shall report directly to the members of the Committee. The Committee has the sole authority to retain and terminate such experts. The Committee may also request reports from the Chief Executive Officer, the Chief Financial Officer, the Vice President of Human Resources or any other officer of the Company.