

**CHARTER**  
**Nominating And Corporate Governance Committee**  
**Of The Board Of Directors Of The South Financial Group, Inc.**

Adopted February 12, 2003

**I. GENERAL**

The Nominating and Corporate Governance Committee (the "Committee") is established in accordance with the Bylaws of The South Financial Group, Inc. (the "Corporation"). Committee members, who must number at least three Directors, are appointed annually by the Board and may be replaced by the Board. None of the Committee members may be an officer or former officer of the Corporation. The Committee may appoint a Secretary, who need not be a Director. The Committee Chairman shall be appointed by the Board.

The members of the Committee shall meet the independence requirements of the rules of the National Association of Securities Dealers ("NASD") as applicable to companies listed on the Nasdaq Stock Market and shall meet any other standards of independence as may be prescribed for purposes of any federal securities laws relating to the Committee's duties and responsibilities.

**II. PURPOSE OF THE COMMITTEE**

The Committee's purpose is to assist the Board in promoting the best interests of the Corporation and its shareholders through the implementation of sound corporate governance principles and practices. The Committee will accomplish this by: (1) assisting the Board by identifying individuals qualified to become Board members, and recommending to the Board the Director nominees for the next annual meeting of shareholders; (2) reviewing the qualifications and independence of the members of the Board and its various committees on a regular periodic basis and making any recommendations the Committee members may deem appropriate from time to time concerning any recommended changes in the composition of the Board and its committees; (3) recommending to the Board the Corporate Governance Guidelines and standards regarding the independence of outside directors applicable to the Corporation and reviewing such Guidelines, standards and this Charter on a regular periodic basis to confirm that such Guidelines, standards and this Charter remain consistent with sound corporate governance practices and with any legal, regulatory or NASD requirements and any recommendations of the federal banking regulators regarding general best corporate governance practices; (4) monitoring the Board's and the Corporation's compliance with any commitments made to the Corporation's regulators or otherwise regarding changes in corporate governance practices; and (5) leading the Board in its annual review of the Board's performance.

**III. RESPONSIBILITIES OF THE COMMITTEE**

*The following activities are set forth as a guide with the understanding that the Committee may diverge from this guide as it considers appropriate.*

- (a) Identify potential candidates for nomination as Directors on an ongoing basis, in such manner as the Committee deems appropriate;
- (b) Recommend to the Board the number of Directors to be elected and a slate of nominees for election as Directors at the Corporation's annual meeting of shareholders;
- (c) Recommend to the Board persons to be appointed as Directors in the interval between annual meetings of the Corporation's shareholders;

- (d) Recommend to the Board standards for determining outside director independence consistent with the requirements of the NASD and other legal or regulatory corporate governance requirements and review and assess these standards on a periodic ongoing basis;
- (e) Review the qualifications and independence of the members of the Board and its various committees on a regular periodic basis and make any recommendations the committee members may deem appropriate from time to time concerning any recommended changes in the composition of the Board and its committees;
- (f) Oversee the Corporation's director orientation and continuing education programs;
- (g) Oversee matters related to the compensation and benefits of outside, non-employee Directors and make such recommendations to the Board as the Committee deems appropriate;
- (h) Recommend to the Board a retirement policy for Directors and a policy relating to Directors who have experienced a change in the job responsibilities they held at the time they became a Director;
- (i) Recommend to the Board such changes to the Board's Committee structure and Committee functions as the Committee deems advisable;
- (j) Confirm that each standing Committee of the Board has a Charter in effect and that such Charter is reviewed at least annually by its Committee;
- (k) Receive comments from all Directors and report annually to the Board with an assessment of the Board's performance, to be discussed with the full Board near or following the end of each fiscal year.
- (l) Review shareholder proposals duly and properly submitted to the Corporation and recommend appropriate action to the Board;
- (m) Review any proposed amendments to the Corporation's Articles of Incorporation and Bylaws and recommend appropriate action to the Board;
- (n) Review and assess the adequacy of the Corporate Governance Guidelines of the Company and recommend any proposed changes to the Board for approval;
- (o) Review and assess the Corporation's compliance with the corporate governance requirements established by the NASD and the requirements established under the Sarbanes-Oxley Act, by federal banking laws and regulations or, otherwise as applicable to each of the Corporation and its subsidiaries and controlled affiliates;
- (p) Monitor the Board's and the Corporation's compliance with any commitments made to the Corporation's regulators or otherwise regarding changes in corporate governance practices;
- (q) Recommend to the Board such additional actions related to corporate governance matters as the Committee may deem necessary or advisable from time to time;
- (r) Review and assess the quality and clarity of the information provided to the Board and the Committee and make recommendations to management as the Committee deems appropriate from time to time for improving such materials;
- (s) Evaluate the effectiveness of the Board's oversight of management activities and affiliates;
- (t) Review and assess the Board's effectiveness in monitoring exceptions to Board-approved policies and guidelines;
- (u) Review Board and committee processes for assessing the adequacy and completeness of their respective minutes, the process for the review and approval of such minutes and the retention of such minutes and any related materials presented to the Board or its committees for review.

With respect to the responsibilities listed above, the Committee shall:

- (a) Report regularly to the Board on its activities;
- (b) Maintain minutes of its meetings and records relating to those meetings and the Committee activities;
- (c) Have the sole authority to retain and terminate any search firm to be used to identify Director candidates and to approve the search firm's fees and other retention terms;

- (d) Have authority to obtain advice and assistance from internal or external legal, accounting or other advisors;
- (e) Form and delegate authority to subcommittees of one or more Committee members when appropriate;
- (f) Review and reassess the adequacy of this Charter annually and recommend to the Board any proposed changes to this Charter; and
- (g) Annually review the Committee's own performance.

#### **IV. GENERAL**

In performing their responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:

- (a) One or more officers or employees of the Corporation whom the Committee member reasonably believes to be reliable and competent in the matters presented;
- (b) Counsel, independent auditors, or other persons as to matters which the Committee member reasonably believes to be within the professional or expert competence of such person; or
- (c) Another committee of the Board as to matters within its designated authority, which committee the Committee member reasonably believes to merit confidence.