



Director Independence Guidelines

The following Director Independence Guidelines (the "Guidelines") have been adopted by the Board of Directors (the "Board") of State Bancorp, Inc. (the "Company") to assist the Board in the exercise of its responsibilities to the Company and its stockholders. The Guidelines should be interpreted in the context of all applicable laws and the Company's other corporate governance documents, and are intended to serve as a flexible framework within which the Board may conduct its business. The Guidelines are subject to modification from time to time, and the Board shall be able, in the exercise of its discretion, to deviate from the Guidelines from time to time, as the Board may deem appropriate and as required or permitted by applicable laws and regulations and consistent with the rules of the stock exchange or exchanges (including, without limitation, the NASDAQ Stock Market) on which the Company's common stock is listed.

1. Implementation. The Board will annually review the independence of all directors, affirmatively make a determination as to the independence of each director and disclose those determinations, in each case, consistent with the requirements of the stock exchange or exchanges (including, without limitation, the NASDAQ Stock Market) on which the Company's common stock is listed. The Board shall seek the assistance of the Nominating & Corporate Governance Committee in accordance with the terms of such Committee's charters in making a determination as to the independence of each director.
2. Independence of at Least a Majority of the Board. The Board will at all times have at least a majority of directors who meet the criteria for independence required by the SEC and the stock exchange or exchanges (including, without limitation, the NASDAQ Stock Market) on which the Company's common stock is listed.
3. Absence of a Material Relationship. In order for a director to be considered "independent," the Board must affirmatively determine, after consideration of all relevant facts and circumstances, that the director has no direct or indirect material relationship with the Company or any subsidiary of the Company (which shall hereinafter be included within the definition of the "Company"). When assessing the materiality of a director's relationship with the Company, the Board will consider the issue not merely from the standpoint of the director, but also from that of persons or entities with which the director has an affiliation.
4. Current Relationships/Cooling-Off Period. The following is a non-exclusive list of persons who shall not be considered independent:
 - a. a director who is, or during the past three years was, employed by the Company or by any parent or subsidiary of the Company; or
 - b. a director who accepted or has a family member who accepted any compensation from the Company or any parent or subsidiary of the Company in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than compensation for board or board committee service, payments arising solely from investments in the Company's securities, compensation paid to a family member who is an employee (other than an executive officer) of the Company, benefits under a tax-qualified retirement plan, non-discretionary compensation, or loans permitted under Section 13(k) of the Securities Exchange Act of 1934; or
 - c. a director who is a family member of an individual who is, or has been in any of the past three years, employed by the Company or any parent or subsidiary of the Company as an executive officer; or
 - d. a director who is, or has a family member who is, a partner in, or a controlling person or an executive officer of, any organization to which the Company or any parent or subsidiary of the Company made, or from which the Company or any parent or subsidiary of the Company received, payments for property or services (other than those arising solely from investments in the Company's securities or payments under non-discretionary charitable contribution matching programs) in the current or any of the past three fiscal years that exceed 5% of the organization's consolidated gross revenues for that year, or \$200,000, whichever is more; or
 - e. a director who is, or has a family member who is, employed as an executive officer of another entity where at any time during the most recent three years any of the Company's executive officers or any executive officer of any parent or subsidiary of the Company serve on that entity's compensation committee; or
 - f. a director who is, or has a family member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years.

For purposes of the Guidelines, "family member" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who resides in such person's home.

5. Affirmative Obligation of Directors. Each director has an affirmative obligation to inform the Board of any material change

in his or her business or other relationships that may impact the Board's determination with regard to his or her independence.

Approved by the Nominating & Corporate Governance Committee on September 23, 2008 (inclusive of amendments approved on July 28, 2008).

Adopted by the Board of Directors of the Company on September 23, 2008 (inclusive of amendments adopted on July 29, 2008).

Effective as of September 29, 2008.