

# Peoples Financial Corporation

## Nominating Committee Charter

### **Mission**

The Nominating Committee is charged with the responsibility of nominating qualified candidates to stand for election to the board of directors of Peoples Financial Corporation (the “Company”), as well as any other responsibility assigned to it by the Board of Directors from time to time. This committee shall also provide assistance to the Board of Directors in the areas of committee selection, and evaluation of the overall effectiveness of the Board of Directors.

### **Membership**

The Committee shall be composed of the Vice Chairman of the Board of the Company and at least two other directors of the Company. All members of the Committee shall be independent, as defined in the pertinent Securities and Exchange Commission and OTCQX Best Market regulations.

### **Nomination Process**

In accordance with the bylaws of the Company, the Board of Directors will determine, subject to the Company’s by-laws, the size of the Board, with or without recommendation from the Nominating Committee, and will develop a slate of nominees to stand for election at the annual meeting of shareholders pursuant to the report it receives from the Committee. In developing its report to the Board with respect to recommendations for the slate, the Committee will consider the qualifications set forth in this charter and the bylaws of the Company. Minutes of all Committee meetings will be maintained. The Committee shall report its recommendations regarding the slate of nominees to the Board for their ratification. Once the slate is ratified, the Board will instruct the President of the Company to take such actions as are required to distribute proxy materials to the shareholders in accordance with the Company’s bylaws and applicable regulatory requirements.

### **Nominations by Shareholders**

The Committee does not have a policy for considering candidates recommended by shareholders. However, in accordance with the Company’s by-laws shareholders may make nominations for election to the Board. In accordance with the Company’s bylaws, shareholders may make nominations for election to the Board by making timely notice in writing to the Secretary of the Company. To be timely, a shareholder’s notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 90 days nor more than 120 days prior to the date of the Annual Meeting;

provided, however, that since fewer than 100 days' notice or prior public disclosure of the date of the Annual Meeting is being given or made to shareholders, the Company's bylaws provide that notice by the shareholder, to be timely, must be so delivered or received not later than the close of business on the 10th day following the earlier of (i) the day on which such notice of the date of the Annual Meeting was mailed or (ii) the day on which such public disclosure was made. A shareholder's notice to the Secretary shall set forth (i) as to each person whom the shareholder proposes to nominate for election or reelection as a director (a) the name, age, business address and residence address of such person, (b) the principal occupation or employment of such person, (c) the class and number of shares of the Corporation which are directly and beneficially owned by such person on the date of such shareholder's notice and (d) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors or, is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including, without limitation, such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and (ii) as to the shareholder giving the notice (a) the name and address, as they appear on the Corporation's books, of such shareholder and any other shareholders known by such shareholder to be supporting such nominees and (b) the class and number of shares of the Company which are beneficially owned by such shareholder on the date of such shareholder's notice and by any other shareholders known by such shareholder to be supporting such nominees on the date of such shareholder's notice. No person nominated by a shareholder shall be eligible for election as a director of the Corporation unless nominated in accordance with these procedures, and the Chairman of the Annual Meeting shall, if the facts warrant, determine and declare to the Annual Meeting that a nomination was not made in accordance with the procedures prescribed by the Company's bylaws, in which case the defective nomination shall be disregarded. Any shareholder nominee for the Board of Directors shall also meet the qualifications for the Company's directors listed under the section above entitled "Board Composition" and will be required to present evidence of such prior to the Annual Meeting.

## **Qualifications**

The Company intends to seek nominees who have an understanding of the Company's role in the local economy and who have demonstrated integrity and good business judgment. The Committee is encouraged to consider geographic and demographic diversity among candidates with financial, regulatory and/or business experience, but not so as to compromise the goal of attracting the most qualified individual candidates. The Company's Bylaws establish the following minimum qualifications: Each director shall: (a) own in his or her own right unencumbered stock in the Corporation in the amount of at least Two Hundred Dollars (\$200.00) par value at the time of his or her or her election to the Board of Directors and continue to own such par value amount throughout his or her term; (b) not be or been subject to a cease and desist order, consent, or other formal order by a state or federal regulatory agency which has been publicly disclosed within the past ten (10) years; (c) not been convicted of a crime involving dishonesty or breach of trust; (d) not be currently charged with the commission of a crime; (e) maintain a principal residence within fifty (50) miles of the main office or a

branch office of the Corporation or its bank subsidiary; (f) not be a director, officer or 10% stockholder of a financial institution that has a main office or branch offices within fifty (50) miles of the main office or a branch office of the Corporation; (g) comply with all of the Corporation's policies and procedures applicable to directors, including a requirement to maintain confidentiality of all matters discussed by the Board of Directors at its meeting; (h) not be a party to any agreement that materially limits his or her voting discretion as a director or his or her ability to discharge fiduciary duties to all directors; and (i) take and subscribe an annual oath that he or she will faithfully and diligently perform the duties of his or her office and will not knowingly violate or permit to be violated any provision of law or any requirements or qualifications of directors listed herein.