



CHARTER OF THE GOVERNANCE, NOMINATING AND COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF HOWARD BANK

I. Purpose

The purpose of the Governance, Nominating and Compensation Committee (the “Committee”) is to assist and advise and to make recommendations to the Board of Directors (the “Board”) of Howard Bank (the “Company”) on corporate governance and executive and director compensation matters, including:

- (1) Identifying qualified individuals to become Board members, consistent with criteria approved by the Board.
- (2) Selecting and recommending that the Board approve the director nominees for the annual meeting of shareholders.
- (3) Developing and recommending to the Board a set of corporate governance guidelines for the Company.
- (4) Developing and recommending to the Board a Board committee structure and recommending the membership and chairs of committees.
- (5) Oversee the evaluation of the Board and management.
- (6) Evaluating and recommending to the Board compensation and benefit plans for executives and directors of the Company.

II. Membership

1. The Committee shall be comprised of three or more members of the Board.

2. Each member of the Committee shall be “independent” as defined by applicable law, SEC rules and regulations and the rules of the NASDAQ, each as they may be interpreted or amended from time to time (“Applicable Law, Rules and Regulations”), except as otherwise permitted by Applicable Law, Rules and Regulations.

3. The members of the Committee shall be appointed and its Chair shall be designated by the Board, after due consideration of the recommendation of the Committee, and shall serve until such member’s successor is duly elected and qualified or

until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by action of the Board.

4. The Chair will chair all regular sessions of the Committee and set the agendas for Committee meetings. In his absence the Chair may designate another member to serve in his place.

III. Meetings

The Committee shall meet at least once quarterly, or more frequently as circumstances dictate. The Chair or any member of the Committee may call meetings of the Committee provided that all members of the Committee have been notified and invited to attend such meeting. A majority shall constitute a quorum of the Committee. Written minutes shall be kept of all meetings. All meetings of the Committee may be held telephonically, and the Committee may act by unanimous written consent. Unless taken by unanimous written consent, all Committee acts shall require the approval of a majority of the quorum present at a meeting.

Subject to the powers of the Committee to exclude persons, all members of the Board who are not members of the Company's management may attend meetings of the Committee but may not vote. Additionally, the Committee may invite to its meetings any director, Company management and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

IV. Responsibilities and Authority

The Committee shall have the following responsibilities and authority:

1. Develop general criteria, subject to approval by the Board, for use in evaluating and selecting candidates for election or re-election to the Board. Assist the Board in identifying and attracting qualified candidates for election to the Board while ensuring that a substantial majority of the directors on the Board are independent of management in both fact and appearance.
2. Recommend to the Board annually a slate of nominees to be proposed by the Board to the stockholders as nominees for election as directors and, from time to time, recommend persons to fill any vacancy on the Board.
3. Review the suitability for continued service as a director of each Board member when his or her term expires.

4. Recommend to the Board any changes in number, authority and duties of Board committees and the chairs and members who should serve thereon.
5. Oversee the succession planning for the Chief Executive Officer as well as certain key management succession plans, which includes oversight of the evaluation of the executive management team.
6. Develop and implement an annual process for evaluating the performance of the Chief Executive Officer that includes measurable performance objectives (including corporate and personal goals and objectives) and performance assessment against such objectives, in furtherance of its responsibility to recommend to the full Board compensation decisions with respect to the Chief Executive Officer.
7. Develop and implement an annual procedure for evaluating Board performance that includes solicitation of each director's individual views on Board performance, conducted in such a way as to maximize the likelihood of obtaining candid assessments.
8. In the event of the death, incapacity, resignation or other absence (temporary or permanent) of the Chief Executive Officer, the Committee shall recommend for election by the Board an acting or successor Chief Executive Officer.
9. Make recommendations to the Board concerning compensation payable for Board and committee membership, as well as other benefits available to Board members.
10. Review and assess at least annually the adequacy of the Corporate Governance Guidelines of the Company and recommend any proposed changes to the Board for approval.
11. Make recommendations to the Board concerning the compensation of the Chief Executive Officer. In determining the long-term incentive component of compensation of the Chief Executive Officer, The Committee should consider, among other things, the Company's performance and relative shareholder return, the value of similar incentive awards to CEO's at comparable companies and the awards given to the Chief Executive Officer in past years.
12. In consultation with the Chief Executive Officer, determine the compensation of other members of the executive management team, and advise the Board of such determination.

13. Advise the Board and the Chief Executive Officer on other compensation and benefit matters.
14. With the prior approval of the Board, have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of any executive compensation (including the Chief Executive Officer) and have the sole authority to approve the consultant's fees and terms of engagement.

V. Reports

Minutes of each meeting shall be kept and distributed to each member of the Committee, members of the Board of Directors who are not members of the Committee and the Secretary of the Company. In addition, the Chair of the Committee will report to the Board of Directors at each Board meeting or whenever so requested by the Board. The Chair of the Committee shall be available to answer any questions the other directors may have regarding the matters considered and actions taken by the Committee.

VI. Annual Performance Evaluation

The Committee shall perform a review and evaluation, at least annually, of its performance and the performance of its members, including the Committee's compliance with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.