

**AUBURN NATIONAL BANCORPORATION, INC.**

**CHARTER OF THE  
NOMINATING AND CORPORATE GOVERNANCE COMMITTEE  
OF THE  
BOARD OF DIRECTORS**

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**Title**

The title of this Committee shall be the Nominating and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Auburn National Bancorporation, Inc. (the “Company”).

**Composition**

The Committee shall be composed of a minimum of three directors, all of whom shall be independent. The independence and other qualifications of the members of the Committee shall at all times satisfy the requirements of: (i) the National Association of Securities Dealers, Inc. and the Nasdaq Stock Market, Inc. (together, the “NASD”); (ii) the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the rules and regulations of the Securities and Exchange Commission (the “Commission”) thereunder; and (iii) any other laws, rules or regulations applicable to the Company or its subsidiaries.

The members of the Committee shall be elected and may be removed by the Board. Each member shall serve until a successor shall have been duly elected and qualified or until such member’s earlier death, resignation or removal. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee.

**Purpose**

The primary purposes of the Committee are (i) to assist the Board in discharging its duties relating to the composition and structure of the Board, the identification and evaluation of potential nominees for election to the Board, and the recommendation of candidates for consideration by the full Board or shareholders of the Company; and (ii) to assist the Board in discharging its duties relating to the establishment, implementation and monitoring of policies to facilitate proper corporate governance of the Company.

**Duties and Responsibilities Related to Nomination of Directors**

The Committee shall observe and perform the following duties and responsibilities:

1. Annually review and evaluate the composition and organization of the Board in light of any statute, rule, regulation, listing standard or other requirement applicable to the Company, and make any related recommendations to the Board.

2. Develop and annually review a list of qualifications, skills and characteristics required of directors of the Company.
3. Develop and implement a screening process designed to identify qualified director candidates and a procedure for the nomination of candidates to the Board, including candidates nominated by shareholders.
4. Evaluate and approve, or recommend to the Board or the Shareholders for approval, a slate of nominees for election to the Board, based on nominations from directors, management, shareholders or third party search firms, and review the qualifications, experience and fitness for service on the Board of any potential members of the Board.
5. Recommend to the Board qualified candidates for all vacancies on the Board to be filled by the shareholders or the Board, whether such vacancies are created by resignation, termination or expansion of the Board.
6. Evaluate a director candidate's independence from the Company's management and principal service providers, and the effect of any material relationships that might impair independence, e.g., business, financial or family relationships with the Company's management or service providers.
7. Prepare the disclosure report of the nominating process and shareholder communications with the Board of Directors for inclusion in the proxy statement, as required by Commission Rules

### **Duties and Responsibilities Related to Corporate Governance**

1. Develop and implement principles of corporate governance, including, but not limited to, assisting the Board in the development, implementation and monitoring of a Code of Conduct and Ethics ("Code"), and recommend such principles of corporate governance to the Board.
2. At least annually, review and assess the adequacy of the Code and the Company's charter, bylaws and other governing documents, and recommend modifications to the Board for approval.
3. In conjunction with the Audit Committee, work with management to resolve reported violations or instances of non-compliance with the Code and determine appropriate responses to material violations of the Code.
4. Oversee the process for Board and management evaluations.
5. Take such other actions within the general scope of the Committee's authority and responsibilities hereunder as the Committee deems necessary or appropriate or as directed by the Board.

### **Meetings:**

The Committee shall meet as often as it determines necessary to fulfill its responsibilities, but no less than once per year. The Committee Chairperson may request any officer or employee of the Company or outside counsel or others to attend such meetings.

The Committee shall maintain, as part of the Company's permanent records, written minutes of the proceedings and actions of the Committee and shall make such reports to the Board as may be requested by the Board or the Chairperson thereof. The Committee shall, in turn, regularly report to the Board, as frequently as may be required or prudent under the Duties and Responsibilities set forth above.

### **Grant of Authority; Limitation of Committee's Role**

The Committee shall have the sole authority to: (1) appoint, retain, compensate, evaluate and terminate any search firms to be used in the location, selection and retention of directors; and (2) appoint, retain, compensate, evaluate and terminate other outside consultants and/or attorneys to assist with or review any matter under its responsibility on such terms and at such expense as the Committee shall deem appropriate.

This Charter is not intended to, and shall not, alter the standards of conduct set forth in the Delaware General Corporation Law, as amended (the "DCGL"), the Alabama Business Corporation (the "ABCA"), and the Alabama Banking Code (the "ABC") for directors, including those directors who serve as Committee members. Members of the Committee shall have the duties and the benefits of all limitations and protections from liabilities provided by the DCGL, the ABCA and the ABC and other applicable laws and regulations with respect to their service on the Committee. In addition to the indemnification, exculpation, and similar provisions contained in the Company's certificate of incorporation and bylaws or in statutory and common law and in addition to applicable insurance, each member of the Committee shall, in the performance of such member's duties, be fully protected in relying on information, opinions, reports or statements prepared or presented by any of the Company's officers or employees, or committees of the Board or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence, all to the extent permitted by Section 141 of the DCGL.

### **Review and Approval of Charter**

The Committee shall, at least annually, review and reassess the adequacy of this Charter. This Charter shall be approved by the Board on an annual basis.

*Last approved March 13, 2007*