

# **TRIAD BUSINESS BANK**

## **Corporate Governance Guidelines**

**ADOPTED AS OF FEBRUARY 24, 2020**

These Corporate Governance Guidelines (the “Guidelines”) are adopted by the Board of Directors (the “Board”) of the Triad Business Bank (the “Bank”).

### **A. Composition of the Board of Directors**

1. Size. The Board believes that a range of nine to twenty-five directors is advisable. A number within this range provides for a variety of perspectives, backgrounds and experience without being so large as to impede effective discussion. Additionally, a number within this range allows directors to focus their efforts upon a limited number of the committees of the Board. The quality of the individuals serving and the overall balance of the Board are, however, more important than the precise number of members.

2. Qualities. Directors of the Bank should possess the following qualities:

- the highest ethics, integrity and values;
- outstanding personal and professional reputations;
- demonstrated commitments to the communities in which they reside;
- professional experience and personal expertise that add value to the work of the Board as a whole;
- the ability to exercise independent business judgment;
- freedom from conflicts of interest;
- demonstrated leadership skills; and
- the willingness and ability to devote the time necessary to perform the duties and responsibilities of a director.

3. Independence. A majority of the Board shall be composed of “independent directors,” as defined under the rules applicable to companies whose stock is listed as the Nasdaq Global Select Market (the “Nasdaq Rules”). No director shall qualify as “independent” unless the Board affirmatively determines that the director has no relationship with the Bank, either directly or as a partner, shareholder, manager, member or officer of an organization that has a relationship with the Bank, which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Bank will disclose, in its annual proxy statement, the names of those directors who the Board has determined to be independent under the Nasdaq Rules and the basis for the Board’s determination that any relationship between the director and the Bank is not material.

4. Retirement. No director may stand for election to the Board except in compliance with the age requirements of the Bank's Bylaws, absent unusual circumstances and pursuant to a waiver of the Bylaw provision approved by the Board.

5. Material Change of Circumstances. The Board believes that any director who experiences a change of circumstances, including, without limitation, a change in employment, change in residence, change in personal time commitments or the like from that which existed when he or she was last elected to the Board and which is reasonably likely to materially and adversely affect the director's performance on the Board should promptly advise the Board of the change and offer to tender his or her resignation to the Board. The Board will then review the change and determine whether the Board should accept the offer to resign based on a review of whether the individual continues to satisfy the Board's membership criteria in light of his or her new status. It is not the sense of the Board that in every instance a director who has experienced such a change in circumstances should necessarily resign from the Board. The Board should, however, have an opportunity to review the continued appropriateness of Board membership under the circumstances.

6. Candidates. The Board as a whole is responsible for selecting nominees for election as directors. In discharging this responsibility, the Board will consider the nature of the expertise and experience required for the performance of the duties of a director of a commercial bank and such matters as the nominee's relevant business and industry experience, residence, professional background, age, current employment, community service and other board service. This review will also take into account the nominee's level of financial literacy.

7. Term Limits. Although the Board considers length of service in recommending candidates for re-election, it does not believe that adopting a set term limit for directors serves the interests of the shareholders of the Bank.

8. Service on Other Boards. The Board takes into account the competing demands on a person's time in deciding whether or not to nominate such person for election. Accordingly, directors should carefully consider the number of boards of directors to which they make commitments.

9. Leadership. The Board believes it is in the best interests of the Bank that the office of Chair of the Board be filled by a director who has been determined to be "independent" pursuant to Section A.2. above.

10. Compensation. The compensation of the directors of the Bank is set by its Board of Directors. The Board or, if a Compensation Committee of the Board has been appointed, the Compensation Committee will review the amount and composition of director compensation from time to time and makes recommendations to the Board. In recommending director compensation, the Board or, if applicable, the Compensation Committee will consider the potential effect on director independence if director compensation and perquisites exceed customary levels.

## **B. Preparation, Responsibilities and Meetings.**

1. General Responsibilities of Directors. Directors are expected to exercise their business judgment in good faith, loyally and with due care to serve what they reasonably believe to be the best interests of the Bank and its shareholders. In discharging those duties, directors are entitled to rely on the honesty, integrity and competence of the Bank's executive management and outside advisors and auditors.

2. Insurance. The Bank will purchase and maintain reasonable directors' and officers' liability insurance on behalf of directors if available on commercially reasonable terms and conditions. The levels of such insurance coverage will be reported to and approved by the Board annually.

3. Agendas. The Chair of the Board is responsible for setting an agenda for each Board meeting. Any director may suggest items for inclusion on the agenda or may raise, at any Board meeting, subjects that are not on the agenda for that meeting. The Board expects that meeting agendas will include on a regular basis a review of the Bank's financial performance, regulatory compliance, business strategies and practices, and risk management status.

4. Meeting Preparation, Attendance and Participation. Directors are expected to attend Board meetings and meetings of Committees of the Board on which they serve in compliance with the Board's approved attendance policy and to spend the time needed to discharge their responsibilities as directors. Materials with respect to matters on which action is expected to be taken will, as a general rule, be circulated to the Board in advance of each meeting whenever possible and directors are expected to review these materials in advance of the meeting. Directors are expected to actively, objectively and constructively participate in meetings and the decision-making processes. In order to fulfill this expectation, they must gain an understanding of the Bank's businesses and the markets in which it operates. Each director is encouraged to share his or her perspective, background, experience, knowledge and insight as they relate to the matters before the Board and its Committees.

5. Attendance at Annual Meeting of Shareholders. Directors are expected to attend the annual meeting of the Bank's shareholders.

6. Executive Sessions of Independent Directors. The independent members of the Board shall meet, without executive management, at regularly scheduled executive sessions. The Chair of the Board, or in his or her absence, the Vice Chair of the Board shall preside at the executive sessions.

7. Communications with Directors. The Bank shall disclose, in its annual proxy statement and on its website, one or more methods by which shareholders and other interested parties may communicate directly with the Board.

8. Access to Employees. The Board expects that the executive officers of the Bank will regularly attend Board and Committee meetings, present proposals and otherwise assist in the work of the Board. Additionally, directors should be reasonably available when requested to advise executive management on specific issues not requiring the attention of the full Board.

9. Stock Ownership. The Board believes that it is important to align the interests of directors with those of the shareholders and for the directors to hold equity ownership positions in the Bank. Accordingly, the Board expects that, upon election to the Board, new directors will own shares of the Bank's Common Stock having a value of at least \$5,000.

## **C. Committees of the Board.**

1. Composition of Committees. The membership requirements of each Committee of the Board are contained in the Bank's Bylaws and/or the Charter of that Committee approved by the Board. The Bank shall follow all applicable Nasdaq Rules and regulatory requirements concerning the membership of the Audit Committee and, if applicable, the Compensation Committee, including those with respect to the independence of the directors who serve on those Committees.

2. Committee Chairs and Membership. The Board believes that Committee assignments and Committee Chair assignments should be based on the director's knowledge, interests and areas of expertise.

## **D. Role with Respect to Management.**

1. Evaluation of Executive Officers. A key responsibility of the Board is to monitor the performance of the Chief Executive and Financial Officer ("CEO") and, in consultation with the CEO, the performance of other executive officers. The Compensation Committee, if applicable, will lead the Board in the annual performance review of the CEO.

2. Succession Planning. The Board will review and consider periodically executive officer development and succession planning activities. This Board will discuss succession planning in the event of the unexpected death, incapacity, resignation or termination of executive officers and shall recommend to the CEO an appropriate successor under such circumstances. In the case of the CEO's departure, the Board shall select an appropriate successor.

3. Communication. Management speaks for the Bank. Inquiries from shareholders, institutional investors, the press and others should be referred to the CEO or other appropriate officers.

## **E. Director Information and Continuing Professional Development.**

All new directors will be provided with all applicable Policies, Procedures and Codes of the Bank and such other information as will promptly prepare them for service. All members of the Board are encouraged to attend such director education programs as they deem appropriate (given their individual backgrounds) to stay abreast of developments in the banking industry and

“best practices” relevant to their contribution to the Board generally as well as to their responsibilities in their specific committee assignments and other roles. The related expenses will be paid by the Bank and participation will be recorded by the appropriate executive officer.

## **F. Periodic Evaluation of Guidelines**

The Board of Directors shall review these Guidelines periodically for the purpose of making any appropriate amendments.

## **G. Annual Performance Evaluation**

The Board of Directors shall engage in an annual self-evaluation to determine whether the Board and its Committees are functioning effectively and in compliance with these Corporate Governance Guidelines. Such evaluation includes a review and assessment of the continuing independence of the Board’s non-management directors. All directors are encouraged to make suggestions at any time for the improvement of the Board’s practices.

## **H. Inconsistencies with Charter Documents and Committee Charters**

In the event of an inconsistency between these Guidelines and the Bank’s Articles of Incorporation, its Bylaws or the Committees’ Charters, the provisions of the Articles of Incorporation, Bylaws and Charters (in such priority) will control.

## **I. Copies of Guidelines**

Copies of these Guidelines will be mailed to shareholders of the Bank or other interested persons upon written request to:

Corporate Secretary  
Triad Business Bank  
1501 Highwoods Blvd.  
Suite 103  
Greensboro, NC 27410