



DNB FINANCIAL CORPORATION NOMINATING & CORPORATE GOVERNANCE COMMITTEE CHARTER

Purpose

The Nominating and Corporate Governance Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of DNB Financial Corporation (the “Company”) to (i) identify individuals qualified to become Board members, (ii) recommend individuals to be nominated by the Board for election as Directors of the Company, (iii) nominate candidates for election to the Board in the event of a vacancy between shareholder meetings, (iv) advise the Board with respect to committees; (v) oversee the evaluation of the Board and (vi) assist the Board in establishing and maintaining effective corporate governance practices.

Composition

The Committee shall consist of three or more directors, each of whom shall satisfy the definition of independent director as defined in any applicable listing requirements for The NASDAQ Stock Market, Inc. issuers and any applicable Securities and Exchange Commission rules and regulations. Committee members shall be elected by the Board of Directors (the “Board”) at the Board’s annual organizational meeting. Members shall serve until their successors are appointed. The Committee’s Chairperson shall be designated by the full Board or, if it does not do so, the Committee members shall elect a Chairperson by vote of a majority of the full Committee.

Meetings

The Committee shall meet at least annually, or more frequently as circumstances dictate. The Committee Chairperson will preside at each meeting and, in consultation with the other members of the Committee, will set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The Chairperson of the Committee shall ensure that the agenda for each meeting is circulated to each Committee member in advance of the meeting. Minutes of the meeting will be prepared and approved by the Board of Directors.

Responsibilities and Duties

The following are the duties and responsibilities of the Committee, which may be supplemented from time to time by the Board:

- A. Periodically evaluate the size and composition of the Board and recommend to the Board any changes.
- B. Identify, select and evaluate individuals believed to be qualified to become Board members in accordance with the provisions set forth herein.
- C. Evaluate each new director candidate and each incumbent director before recommending to the Board that the nominee stand for election or re-election as a director at the Company's annual shareholder meeting or, if applicable, at a special Company shareholder meeting, or to fill any vacancy on the Board, based on the extent to which such individual meets the criteria set forth herein.
- D. Seek to identify potential director candidates who will strengthen the Board and remedy any perceived deficiencies in the selection criteria identified below.
- E. Review the continuation on the Board of any director who tendered a letter of proposed resignation from the Board and recommend to the Board whether, in light of all circumstances, the Board should accept the proposed resignation or request that the director continue to serve.
- F. Periodically review the Board committees, including the number, identity, purposes, duties, composition, size, chairperson and rotation of members; make appropriate recommendations to the Board taking into consideration applicable requirements of the Securities and Exchange Commission and the exchange on which the Company's stock is listed, and such other factors the Committee deems appropriate.
- G. Conduct periodic evaluations of the Board; receive comments from all Board directors and report to the Board with an assessment of the Board's performance
- H. Review and reassess the adequacy of this Charter at least annually and recommend changes as necessary and submit the Charter to the Board for approval.
- I. Perform any other duties and responsibilities consistent with this Charter, the Company's Bylaws and governing law as the Board shall expressly delegate to the Committee.

Selection Criteria

The Committee's criteria for identifying, reviewing and selecting potential director nominees for election to the Board shall reflect at a minimum all applicable laws, rules, regulations and listing standards. The Committee shall consider and assess the skills and background of the individual and any other issues and factors that the Committee deems appropriate, including an individual's integrity, education, business experience, accounting and financial expertise, age, diversity, reputation, civic and community relationships, knowledge and experience in matters impacting financial institutions such as the Company, and the ability of the individual to devote the necessary time to serving on the Board. The Committee should base each annual decision to re-nominate incumbent directors on a careful consideration of each such individual's contributions, including the value of his or her experience as a director of the Company, the availability of new director candidates who may offer unique contributions, and the Company's changing needs. The Committee shall not nominate any director for re-election who is required to retire under the By-Laws of the Company.

Each director should:

- A. Be of the highest character and integrity, with an inquiring mind, vision, a willingness to ask hard questions and the ability to work well with others;
- B. Be free of any conflict of interest that would violate any applicable laws or regulations or interfere with the proper performance of the responsibilities of a director;
- C. Be willing and able to devote sufficient time to the affairs of the Company and be diligent in fulfilling the responsibilities of a director and Board committee member, as applicable (including developing and maintaining sufficient knowledge of the Company and its industry; reviewing and analyzing reports and other information important to Board and committee responsibilities; preparing for, attending and participating in Board and committee meetings; and satisfying appropriate orientation and continuing education guidelines);
- D. Have the capacity and desire to represent the balanced, best interests of the shareholders as a whole and not primarily a special interest group or constituency; and
- E. Must directly own at least 5,000 shares of Company stock within three months of appointment or election and 10,000 shares within three years of election or appointment.

Resources and Authority

The Committee shall have the necessary and appropriate resources and authority to discharge the duties and responsibilities conferred to the Committee by this Charter and any other supplemental duties and responsibilities expressly delegated to the Committee by the Board. The Committee shall have the authority to select, retain, terminate and approve the fees and other retention terms of any search firm to be used to identify director candidates, as it deems appropriate, without seeking approval of management or the Board. The Company shall provide for appropriate funding, as determined by the Committee, for the payment of any such fees.

Consistency with Articles of Incorporation and Bylaws

To the extent that any provision or section of this Charter may be inconsistent with any article, provision or section of the Articles of Incorporation or the Bylaws of the Company, the Articles of Incorporation or the Bylaws, as appropriate, shall fully control.