APPENDIX C

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER

PURPOSE

The purpose of the Corporate Governance and Nominating Committee Charter (the "Charter") is to establish a written charter concerning (i) the process of considering, establishing and periodically modifying as necessary the corporate governance standards for 1st Capital Bank (the "Bank"), (ii) identifying, evaluating and nominating candidates, including candidates proposed by shareholders, for election to the Board of Directors and (iii) performing such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board of Directors or the Committee deems appropriate.

COMMITTEE MEMBERSHIP AND RESPONSIBILITIES

The Committee shall be comprised of at least three directors. Each member of the Committee shall be "independent" as defined in the Nasdaq Listing Rules. The Committee shall have responsibility for effectuating the purposes set forth above. Corporate governance standards shall be reviewed at least annually and the Committee shall recommend to the Board of Directors such modifications to such standards and such new standards as the Committee deems appropriate with advice of counsel and other advisors to the Bank. The Committee shall have authority to engage advisors, at the expense of the Bank, to assist in considering and evaluating corporate governance standards.

NOMINATION PROCEDURES

1. Candidates shall be evaluated based on the criteria established by the Committee and approved by the Board of Directors. Minimum criteria for non-employee candidates includes "independence" and "financial literacy," as defined under applicable rules promulgated by the Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002, and Nasdaq Listing Rules. Additional criteria may include (a) satisfactory results of any background investigation, (b) experience and expertise, (c) financial resources, (d) ability to devote the time and effort necessary to fulfill the responsibilities of a director, (e) involvement in community activities in the market areas served by the Bank and its affiliates that may enhance the reputation of the Bank and its affiliates, and (f) such other criteria as the Committee or Board of Directors may determine to be relevant. The Bank operates in a highly regulated industry and is subject to the supervision, regulation and periodic examination by state and federal banking regulatory authorities including the California Department of Financial Institutions and Federal Deposit Insurance Corporation. Directors of the Bank are subject to certain rules and regulations and potential liabilities not otherwise applicable to directors of non-banking organizations. Consequently, the Committee or Board of Directors may choose to include more extensive inquiries into personal background information including confirmation of the accuracy and completeness of background information by (a) requiring candidates to complete questionnaires to elicit information of the type required to be disclosed by the Bank in reports filed with state and federal banking regulatory authorities, or other governmental authorities having jurisdiction over the Bank, (b) conducting background investigations by qualified independent organizations experienced in conducting criminal and civil investigatory reviews, and (c) such other personal and financial reviews and analyses as the Committee or Board of Directors may deem appropriate in connection with the consideration of candidates.

2. Any recommendations by shareholders will be evaluated by the Committee and approved by the Committee and Board of Directors in the same manner as any other recommendation and in each case in accordance with the Charter. Shareholders that desire to recommend candidates for consideration by the Committee should mail or deliver written recommendations to the Bank addressed as follows: Corporate Governance and Nominating Committee, 1st Capital Bank, 5 Harris Ct., Building N, Suite 3, Monterey, CA 93940. Each recommendation should include biographical information indicating the background and experience of the candidate that qualifies the candidate for consideration as a director for evaluation by the Committee. Shareholders who wish to nominate a candidate for election to the Bank's Board of Directors, as opposed to recommending a potential nominee for consideration by the Committee, are required to comply with the advance notice and any other requirements of the Bank's bylaws or applicable laws and regulations.

3. Any candidate nominated for election to the Board of Directors must receive a majority of votes in favor of nomination from the Committee and be approved upon recommendation by the Committee by independent members of the Board of Directors. Directors who are not independent shall not vote, but may be present during the voting by the Board of Directors.

4. Each candidate shall be required to complete one or more questionnaires and to meet with the Committee and, if recommended by the Committee, with the Board of Directors, on one or more occasions as the Committee and Board of Directors may determine.

5. Each existing member of the Board of Directors whose term is ending must be evaluated for nomination to be re-elected. This review will include review of attendance, participation, continuing education, investment in shares, business development and community involvement. In lieu of the information required to be provided by new candidates for election to the Board of Directors described above in paragraph 3, the Committee and Board of Directors may rely upon the information contained in the most recent annual Directors and Officers Questionnaire completed by the existing members of the Board of Directors, subject to such updated information as the Committee and Board of Directors may deem appropriate. Such existing members of the Board of Directors must receive a majority of votes in favor of nomination from the other independent directors.

6. The following is a summary of the considerations used to identify or evaluate candidates for Board of Directors:

Any recommendation must include biographical information indicating the background and experience of the candidate that qualifies the candidate for consideration as a director for evaluation by the Committee and the Board of Directors. In addition to minimum standards of "independence" for non-employee directors and financial literacy, the Committee and the Board of Directors considers various other criteria including the candidate's experience and expertise, financial resources, ability to devote the time and effort necessary to fulfill the responsibilities of a director and involvement in community activities in the market areas served by the Bank that may enhance the reputation of the Bank. It is the policy of the Committee to select individuals as director-nominees with the goal of creating a balance of knowledge, experience and commitment on the Board. The Committee also evaluates candidates for their character, judgment, business experience and acumen. The Committee believes that a director candidate must possess personal and professional integrity and sound judgment. These considerations are manifested in various criteria for consideration when reviewing a potential director candidate, which may include the following:

- The extent of the director candidate's educational, business, non-profit or professional acumen and experience;

- The extent of the director candidate's contributions to the community;
- The extent of the director candidate's leadership experience;
- Whether the director candidate assists in achieving a mix of Board members that represents a diversity of background, perspective and experience;
- Whether the director candidate meets the independence requirements of the listing standards of the NASDAQ Stock Market;
- Whether the director has the ability and intent to maintain ownership of the Bank's common stock;
- Whether the director candidate has the financial acumen or other professional, educational or business experience relevant to an understanding of the Bank's business; and
- Whether the director candidate possesses the ability to work as part of a team in an environment of trust.

The Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective director candidates. Diversity is one of the factors that the Committee considers in identifying nominees for director. In selecting director-nominees the Committee considers, among other factors, (1) the competencies and skills that the candidate possesses and the candidate's areas of qualification and expertise that would enhance the composition of the Board, and (2) how the candidate would contribute to the Board's overall balance of expertise, perspectives, backgrounds and experiences in substantive matters pertaining to the Bank's business.

The Bank operates in a highly regulated industry and is subject to the supervision, regulation and periodic examination by state and federal banking regulatory authorities including the California Commissioner of Financial Institutions and Federal Deposit Insurance Corporation. Directors of the Bank are subject to certain rules and regulations and potential liabilities not otherwise applicable to directors of non-banking organizations. Consequently, evaluation of candidates by the Committee and the Bank's Board of Directors may include more extensive inquiries into personal background information including confirmation of the accuracy and completeness of background information by such means as (a) requiring candidates to complete questionnaires to elicit information of the type required to be disclosed by the Bank in reports filed with such state and federal banking regulatory authorities, (b) conducting background investigations by qualified independent organizations experienced in conducting criminal and civil investigatory reviews, and (c) such other personal and financial reviews and analyses as the Committee and the Board of Directors may deem appropriate in connection with the consideration of candidates. Shareholders who wish to nominate a candidate for election to the Bank's Board of Directors, as opposed to recommending a potential nominee for consideration by the Committee and the Board of Directors, are required to comply with the advance notice and any other requirements of the Bank's Bylaws, applicable laws and regulations.

ANNUAL NOMINATIONS

The Committee shall evaluate and recommend to the Board of Directors nominees for election (a) annually prior to distribution of the Bank's proxy solicitation materials and (b) at such other times as may be appropriate to fill vacancies in accordance with the Bank's bylaws.

CONFLICTS

Any conflicts between the provisions of this Charter and the provisions of the Bank's bylaws shall be resolved in favor of the bylaw provisions and nothing contained herein shall be construed as an amendment of the Bank's bylaws.