

METROCORP BANCSHARES, INC COMPENSATION COMMITTEE CHARTER

Purpose

The Compensation Committee (Committee) is appointed by the Board of Directors of MetroCorp Bancshares, Inc. (Company) to:

- review, evaluate and approve the agreements, plans, policies and programs of the Company to compensate the officers and directors of the Company;
- produce a report on executive compensation each year and publish the report in the Company's proxy statement for its annual meeting of stockholders; and
- evaluate the performance of the Chief Executive Officer in consultation with the non-management members of the Board, set the compensation of the Chief Executive Officer and otherwise discharge the Board's responsibilities relating to compensation of the Company's officers and directors; and
- set the compensation of the Chairman of the Board in consultation with the Board of Directors.

Committee Membership

The Committee shall consist of at least three directors. Each Committee member shall be qualified to serve on the Committee pursuant to the independence requirements of the NASDAQ listing standards and federal laws and regulations, as they may become applicable from time to time as well as any additional requirements deemed appropriate by the Board. Members of the Committee shall also qualify as "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall satisfy any other necessary standards of independence under the federal tax laws. Members shall also be "non-employee directors" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended. Each member shall be free of any relationship that, in the judgment of the Board from time to time, would interfere with the exercise of his or her independent judgment.

The Board shall appoint the members of the Committee based on the recommendation of the Nominating and Governance Committee. Any vacancy on the Committee shall be filled by majority vote of the Board. Members may be removed only by a majority vote of the independent directors of the Board then in office. The chairperson of the Compensation Committee shall be designated by the Board based on the recommendation of the Nominating and Governance Committee. The chairperson shall be responsible for leadership of the Committee, including developing the agenda with the assistance of and in consultation with appropriate members of the Committee and management, presiding over the meeting, making assignments and reporting to the Board.

Meetings

The Committee shall meet at least two times per year, or more frequently as circumstances dictate. Members are expected to attend every meeting and to spend the time needed to discharge their responsibilities properly.

A majority of the members of the Committee shall constitute a quorum. The Committee may also act by unanimous written consent in lieu of a meeting.

The Committee shall maintain minutes of its meetings and shall make regular reports to the Board on its activities, as appropriate, directly or through the chairperson.

The Committee shall conduct a self-evaluation periodically to determine whether it is functioning effectively. The evaluation shall include a review and assessment of the adequacy of the Committee's charter.

The Committee may seek the assistance of outside consultants, shall have sole authority to retain and terminate such consulting firm, and to approve such firm's fees and other retention terms at the Company's expense, as the Committee determines is appropriate.

Committee Authority and Responsibilities

1. Executive Compensation. The Committee shall;

- exercise oversight of all matters of executive compensation policy;
- review and approve annually corporate goals and objectives relevant to the compensation of the Chief Executive Officer and other members of the Company's executive management;
- evaluate annually the Chief Executive Officer's performance. Shall meet with the non-management members of the Board as a group and solicit their view of the Chief Executive Officer's performance, and present a report on the Chief Executive Officer's performance in advance of the Committee's final action so that all Board members may have an opportunity to be heard;
- evaluate annually the compensation of the Chief Executive Officer and the Chairman of the Board;
- review and approve, as appropriate, for the Chief Executive Officer and such other members of executive management as the Committee deems appropriate all employment agreements, severance agreements and change-in-control agreements and provisions;

- recommend for Board approval all appropriate executive compensation and other agreements; and
- produce a report on executive compensation each year and publish the report in the Company's proxy statement for its annual meeting of stockholders.

2. Director Compensation. Each year the Committee shall review director compensation and make a recommendation to the Board regarding the form and amount of director compensation.

3. Incentive and Equity Compensation.

- The Committee shall make recommendations to the Board with respect to incentive-compensation plans and equity-compensation plans.
- The Committee shall ensure that shareholders are given the opportunity to vote on equity compensation plans, as required by law, applicable listing standards, the Company's certificate of incorporation or bylaws, as amended from time to time and the Committee shall approve any equity compensation plan for which shareholder approval is not so required.

While the members of the Committee have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of members of the Committee, except to the extent otherwise provided under applicable federal or state law.