

MID-SOUTHERN BANCORP, INC.
BOARD OF DIRECTORS' CORPORATE GOVERNANCE POLICY

The following Corporate Governance Policy, together with the charters of our standing Committees, provides the general framework for the governance of Mid-Southern Bancorp, Inc. (the "Corporation"). The Board or a designated committee of the Board will review this policy and other aspects of the Corporation's corporate governance practices on an annual basis or more often if the Board or such committee deems it necessary or advisable.

1. Role of the Board

The Board of Directors is elected by the stockholders to oversee management and to ensure that the long-term interests of stockholders and other stakeholders are being served. The Board of Directors has established the following committees to assist the Board in carrying out its responsibilities: Audit Committee, Corporate Governance & Nominating Committee and Compensation Committee.

2. Composition, Responsibilities and Operation of the Board of Directors

Composition: The Board believes that a range of 5 to 15 directors is appropriate based on the Corporation's present activity and business complexity and is also consistent with the need for diverse Board views. The Corporation's Board of Directors is currently made up of both management and non-management members, with non-management members making up a substantial majority. Directors are elected by the stockholders at the annual meeting of stockholders.

Directors should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the stockholders. Directors must also have an objective perspective and the ability to exercise judgment in the fulfillment of their responsibilities. The Corporation strives to have a Board with diverse experience at policy-making or strategic-planning levels in business or in other areas that are relevant to the Corporation's activities.

Responsibilities: In addition to its general oversight of management, the Board—through its committee structure—also performs a number of specific functions, including:

- Reviewing, approving and monitoring fundamental business and financial strategies and major corporate actions;
- Selecting, hiring and determining the compensation of the CEO, as well as overseeing CEO succession planning;
- Assessing major risks facing the Corporation and reviewing mitigating options;
- Providing advice and oversight on the selection, evaluation, development and compensation of senior management; and
- Ensuring processes are in place for maintaining the integrity of the Corporation.

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively. Directors should offer their resignation in the event of any significant change in their personal circumstances that negatively impacts the time they have available to devote to the Corporation, including a change in their principal job responsibilities.

Operation: The Board of Directors generally meets on a monthly basis to review and discuss reports by management on the performance of the Corporation, its plans and prospects, as well as other issues facing the Corporation. Directors are expected to attend all scheduled Board and Committee meetings and to have done such advance preparation, including reviewing meeting materials, as is necessary to fulfill their responsibilities.

3. Establishment and Operation of Board Committees, including Audit, Corporate Governance & Nominating and Compensation Committees

The Board will at all times have an Audit Committee, a Corporate Governance & Nominating Committee and a Compensation Committee and any other committees the Board deems appropriate. Each committee will perform its duties as assigned by the Board and in compliance with the committee's charter.

Audit Committee: The Audit Committee must consist of at least three members, all of whom must be independent non-management directors appointed by the Board. The Committee's purpose is to assist the Board in fulfilling its responsibilities to oversee the Corporation's internal accounting and audit processes, in monitoring the annual and interim financial reporting and assessing the independence of the external auditors. The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate.

Compensation Committee: The Compensation Committee must consist of at least three members, all of whom must be independent non-management directors appointed by the Board. The Committee will assist the Board in fulfilling its responsibilities to determine the compensation policy of the Corporation, as well as the compensation and benefit programs of the CEO and other executive officers. The Committee is also responsible for conducting an annual evaluation of the CEO, providing an annual recommendation to the Board for ultimate action related to the compensation and benefits for directors, providing oversight of the Corporation's personnel policies and related practices, and providing consultative advice to the CEO on personnel matters. The Compensation Committee shall meet at least twice annually, or more frequently as circumstances dictate.

Corporate Governance & Nominating Committee: The Corporate Governance & Nominating Committee must consist of at least three members, all of whom must be independent non-management directors appointed by the Board. This Committee shall assess Board and committee membership needs and implement policies and processes regarding corporate governance matters. The Committee shall meet at least twice annually, or more frequently as circumstances dictate.

4. Succession Planning

Based upon recommendations from the Corporate Governance & Nominating Committee, the Board shall review and ensure the maintenance of a succession plan for the Board of Directors, the CEO and other executive officers.

5. Convening Executive Sessions of Independent Directors

The Board will hold, on an as needed basis (but not less than twice per year) on previously scheduled Board meetings days, an executive session for non-management directors without management present. These sessions must be presided over and called by the facilitating director as

appointed by the Board for these purposes.

6. Board of Directors' Interaction with Management and Third Parties

The Board shall have complete access to the Corporation's senior management, provided that directors use reasonable efforts to ensure that in exercising this right, their actions will not be distracting or intrusive to the business operations of the Corporation.

The Board and its committees shall also have the right at any time to retain independent outside financial, legal or other advisors.

It is the general policy of the Corporation that the CEO act as the spokesperson for the Corporation in communicating with investors, research analysts and the media, although the CEO may, from time to time, request individual directors to meet or otherwise communicate with various constituencies that are involved with the Corporation.

7. Evaluation of the Performance of the Board of Directors and the CEO

The Board and each of its committees shall conduct an annual self-performance evaluation to determine whether the Board and each of its committees are functioning effectively. The review is to be discussed by the full Board once a year.

The Compensation Committee of the Board shall be responsible for evaluating the CEO. The Committee shall review and approve the goals and objectives set for the CEO, evaluate the CEO's performance and recommend to the full Board the compensation levels of the CEO.

8. Communications with Stockholders

Stockholders may contact an individual director, the Board as a group or a specified Board committee or group, including the independent directors as a group by writing to Corporate Secretary, Mid-Southern Bancorp, Inc., P.O. Box 545, Salem, Indiana 47167-0545. Any communication must state the number of shares beneficially owned by the stockholder making the communication. The Secretary will forward the communication to the addressee or addressees unless the communication is unduly hostile, threatening, illegal or similarly inappropriate, in which case the Secretary has the authority to discard the communication or take appropriate legal action.

Directors are encouraged to attend the Corporation's annual meeting of stockholders.

9. Director Orientation and Continuing Education

The Corporate Governance & Nominating Committee and management are responsible for director orientation programs and for director continuing education programs to assist directors in maintaining skills necessary or appropriate for the performance of their responsibilities.