



AUDIT COMMITTEE CHARTER

Approved by Board: March 24, 2010

Purpose

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for (1) the integrity of the institution's financial statements, (2) the institution's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the internal audit function and independent auditors.

The Audit Committee shall also prepare the report required by the rules of the Securities and Exchange Commission (the "SEC") to be included in the Institution's annual proxy statement.

Authority

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of the public accounting firm employed by the organization to conduct the annual audit. This firm will report directly to the Audit Committee.
- Appoint, compensate, and oversee the work of the Audit Manager employed by the institution to oversee internal audit and all regulatory compliance.
- Appoint, compensate, and oversee the work of any outside firm engaged to conduct an internal audit or review.
- Resolve any disagreements between management and the external auditor regarding financial reporting.
- Pre-approve all auditing and permitted non-audit services performed by the Institution's external and internal audit firms.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
- Meet with institution officers, external auditors, or outside counsel as necessary.
- Seek any information it requires from employees, all of whom are directed to cooperate with the committee's requests.

Composition and Independence

The Audit Committee shall consist of three or more members of the Board of Directors (the "Board"), each of whom is determined by the Board to be "independent" under Section 10A (m) (3) of the Securities Exchange Act of 1934 (the "Exchange Act").

Financial Expertise

Each Committee member will be both independent and financially literate. At least one member of the Audit Committee must have past employment

experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background that results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

Appointment and Removal

The members of the Audit Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Audit Committee may be removed, with or without cause, by a majority vote of the Board.

Chairperson

Unless a Chairperson is elected by the full Board, the members of the Audit Committee shall designate a Chairperson by the majority vote of the full Audit Committee membership. The Chairperson will chair all regular sessions of the Audit Committee and set the agenda for Audit Committee meetings.

Delegation to Subcommittees

In fulfilling its responsibilities, the Audit Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Audit Committee.

Meetings

The Audit Committee shall meet as often as it determines necessary, but no less than once per quarter, either in person or telephonically, and at such times and places as the Audit Committee shall determine. The Committee will invite members of management, auditors or others to attend the meeting and to provide pertinent information as necessary. The Audit Committee should meet regularly with management, the principal internal auditor of the Institution and the outside auditing firm in separate executive sessions to discuss any matters that the Audit Committee or either of these groups believes should be discussed privately. In addition, the Audit Committee or its chairperson should meet with the independent auditors and management quarterly to review the Institution's financial statements.

Responsibilities

The Committee will carry out the following responsibilities:

A. Financial Statements

- Review with management and the external auditors the results of the audit, including any difficulties encountered. This review will include any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management.

- Review significant accounting and reporting issues and understand their impact on the financial statements. These issues include:
 - Complex or unusual transactions and highly judgmental areas;
 - Major issues regarding accounting principles and financial statement presentations, including any significant changes in the institution's selection or application of accounting principles;
 - The effects of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the company.
- Review analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
- Discuss and approve the annual audited financial statements and quarterly financial statements with management and the external auditors, including the institution's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- Review and approve disclosures made by the CEO and Controller during the Forms 10-k and 10-Q certification process about significant deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the institution's internal controls.
- Review with financial management and the independent accountants and approve the Institution's filings with the SEC prior to their filing or prior to the release of earnings reports.
- Discuss and approve all policies.

B. Internal Control

- Consider the effectiveness of the institution's internal control system, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal controls over financial reporting, and obtain and approve reports on significant findings and recommendations, together with management's responses.
- Monitor management's follow-up to outstanding findings and recommendations and ensure timely resolution.

C. Internal Audit

- The Audit Committee shall approve in advance all audit or review engagements to be provided by the an outside internal auditing firm, including fees and terms and shall be directly responsible, in its capacity as a committee of the Board, for the appointment, compensation, retention and oversight of the outside internal auditing firm.
- The Audit Committee shall review and approve the qualifications, budget and proposed audit schedule of the internal auditing plan for the coming year, and the coordination of such plans with the Audit Manager and the independent auditors.
- The Audit Committee shall periodically review and approve progress reports on the proposed internal audit plans, with explanations for any deviations from the original plans.
- In addition, the Audit Committee shall review and approve the internal reports prepared by the internal auditor with management's response and review management's follow-up to reported audit deficiencies.
- On a regular basis, the Audit Committee will meet separately with the Audit Manager to discuss any matters that the committee or the Audit Manager believes should be discussed privately.

D. External Audit

- The Audit Committee shall approve in advance all audit, review or attest engagements to be provided by the outside auditing firm, including fees and terms and shall be directly responsible, in its capacity as a committee of the Board, for the appointment, compensation, retention and oversight of the outside auditing firm.
- Establish policies and procedures for the engagement of the outside auditing firm to provide permissible non-audit services, which shall require pre-approval by the Audit Committee.
- Review and approve the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors. In performing this review, the committee will:
 - At least annually, obtain and review a report by the independent auditor describing the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review of the firm; or by any inquiry or investigation by governmental or professional authorities within the preceding five years;
 - Take into account the opinions of management and the Audit Manager;

- Review and evaluate the lead partner of the independent auditor; and
- Present its conclusions with respect to the external auditor to the Board.
- Ensure the rotation of the lead audit partner every five years and other audit partners every seven years, and consider whether there should be regular rotation of the audit firm itself.
- Present its conclusions with respect to the independent auditor to the full board.
- Set clear hiring policies for employees or former employees of the independent auditors.
- On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

E. Compliance

- The Audit Committee shall be directly responsible, in its capacity as a committee of the Board, for the review of the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigations and follow-up (including disciplinary action) of any instances of noncompliance.
- The Audit Committee will be responsible for reviewing the findings of any examinations by regulatory agencies, and any auditor observations, and for monitoring management's response and follow-up activity for such findings.
- The Audit Committee will be responsible for reviewing the process for communicating the code of conduct to company personnel, and for monitoring compliance therewith.
- The Audit Committee will establish procedures for the receipt, retention and treatment of complaints received regarding accounting, internal controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

F. Reporting Responsibilities

The Audit Committee will regularly report to the Board of Directors about committee activities and issues that arise with respect to the quality or integrity of the institution's financial statements, the institution's compliance with legal or regulatory requirements, the performance and independence of the independent auditors, and the performance of the audit function.

G. Other Responsibilities

- Discuss with management the institution's major policies with respect to risk assessment and risk management

- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- The Audit Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it determines appropriate to assist the Audit Committee in the performance of its duties. The Audit Committee shall have sole authority to approve related fees and retention terms.
- Review, with the Institution's counsel, any legal matter that could have a significant impact on the Institution's financial statements.