ROLE STATEMENT OF THE TRUST COMMITTEE

The function of the Trust Committee of the Board of Directors shall include the following:

1. Fulfilling all of the requirements of the Office of Thrift Supervision as more specifically set forth in Exhibit “A” attached to this Role Statement.

2. To define and delegate operating responsibilities within the Trust Department to appropriate Bank Officers and/or Committees designated by the Trust Committee.

3. To review all internally or externally prepared audits and examinations of the Trust Department and take whatever actions are required to rectify any problems reported in such audits or examinations.

4. To review the general status of activities within the Trust Department, including the value of fiduciary assets, new business development activities, investment performance, profitability, and growth projections.

5. To review the Department’s fee policies and any changes thereto.

6. To receive reports about all accounts opened and closed and further review the reasons for any account terminations and purposes of accounts opened.

7. To monitor the Policy Guidelines of the Department as established by the officers in charge of the Department, approve changes thereto and submit such approved changes to the Board of Directors for review.

8. To receive reports regarding investment and policy changes that may not be specifically addressed in the Trust Department’s Guidance Policy.

9. To receive reports regarding investments that do not conform to the departmental Policy Guidelines.

10. To annually review the Disaster Recovery Plan of the Trust Department.

11. To act upon any other matters that relate to the Trust Department and its operations which might be required, whether or not such matters have been specifically addressed in the Department’s Policy Guidelines.

Exhibit A to Trust Committee Charter

Statement of Principles of Trust Department Management

The minimum requirements to provide for sound banking practices in the operation of a Trust Department and to provide safeguards for the protection of depositors, fiduciary beneficiaries, creditors, stockholders and the public, should include:

- Involvement by the Board of Directors in providing for the establishment and continuing operation of a Trust Department;

- Operation of the Trust Department separate and apart from every other department of the Bank, with Trust assets separated from other assets owned by the Bank, and the assets of each Trust account separated from the assets of every other Trust account; and
• Maintenance of separate books and records for the Trust Department in sufficient detail to properly reflect all Trust Department activities.

Nothing here in the is intended to prohibit the Board of Directors from acting as the Trust Committee, or from appointing additional committees and officers to administer the operations of the Trust Department. When delegating duties to subcommittees and/or officers, the Board and the Trust Committee continue to be responsible for the oversight of all Trust activities. Sufficient reporting and monitoring procedures should be established to fulfill this responsibility.

The Board of Directors, by proper resolution included in its minutes, should:

1. Designate an officer, qualified and competent, to be responsible for and administer the activities of the Trust Department. In addition, the Board should define the officer’s duties.

2. Name a Trust Committee consisting of at least three directors to be responsible for and supervise the activities of the Trust Department. The Committee should include, where possible, one or more directors who are not active officers of the Bank.

The Trust Committee should:

a) meet at least quarterly, and more frequently if considered necessary and prudent to fulfill its supervisory responsibilities;

b) approve and document the opening of all new Trust Department Accounts; all purchases and sales of, and changes in, Trust assets; and the closing of Trust accounts;

c) provide for a comprehensive review of all new accounts for which the Bank has investment responsibility promptly following acceptance;

d) provide for a review of each Trust Department account, including collective investment funds, at least once during each calendar year. The scope, frequency and level of review (Trust Committee, subcommittee, or disinterested account officer) should be addressed in appropriate written policies which give consideration to the Department’s fiduciary responsibilities, type and size of account, and other relevant factors.

Generally, discretionary account reviews should cover both administration of the account and suitability of the account’s investments, and nondiscretionary account reviews should address account administration;

e) keep comprehensive minutes of meetings held in actions taken; and

f) make periodic reports to the Board of its actions.

3. Provide comprehensive written policies which address all important areas of Trust Department activities.

4. Provide competent legal counsel to advise Trust officers and the Trust Committee on legal matters pertaining to fiduciary activities.

5. Provide for adequate internal controls including appropriate controls over Trust assets.
6. Provide for an adequate audit (by internal or external auditors or a combination thereof) of all fiduciary activities, annually. The findings of the audit, including actions taken as a result of the audit, should be recorded in its minutes.

If a bank adopts a continuous audit process instead of performing annual audits, audits may be performed, on an activity-by-activity basis, at intervals commensurate with the level of risk associated with that activity. Audit intervals must be supported and reassessed regularly to ensure appropriateness given the current risk and volume of the activity.

7. Receive reports from the Trust Committee and record actions taken in its minutes.

8. Review the examination reports of the Trust Department by supervisory agencies and record actions taken in its minutes.