



Compensation Committee Charter

Purpose

The Compensation Committee (the "Committee") is established by the Corporation's Board of Directors (the "Board") to draft and recommend to the Board of Directors a comprehensive compensation philosophy for the Bank which will serve as both a tool and guide in the Bank's strategic planning process. (A) to oversee and review the compensation of the Corporation's executive officers, senior managers, directors, and all other employees and to conduct an annual audit of same by the Bank's internal auditor, to ensure consistency with the Bank's compensation philosophy adopted by the Board of Directors (B) produce an annual report on executive compensation for inclusion in the Corporation's proxy statement in accordance with applicable rules and regulations, and (C) oversee and advise the Board on the adoption of policies that govern the Corporation's annual compensation and incentive compensation plans and equity-based plans.

Composition

The Committee will consist of at least two members of the Board who are "independent directors" within the meaning of the rules of the NASDAQ Stock Market, each of whom shall not be an officer or employee of the Corporation or its subsidiaries, shall not have any relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out responsibilities of a director and shall otherwise satisfy the applicable membership requirements under the rules of the NASDAQ Stock Market. All Committee members shall also be "non-employee directors" as defined by Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and "outside directors" as defined by Section 162(m) of the Internal Revenue Code. The members of the Committee and its Chairperson shall be appointed by the Board and may be removed by the Board in its discretion.

The members of the Committee shall be elected by the Board of Directors to hold such office until their successors have been duly elected and qualified. Unless a chairperson is elected by the Board, the members of the Committee may designate a chairperson by majority vote of the full Committee membership.

Authority and Responsibilities

The responsibilities of the Committee shall include:

- A. The chief executive officer of the company may not be present during voting or deliberations by the Compensation Committee on his or her compensation.
- B. Reviewing and approving the goals and objectives of the Corporation relating to the Chief Executive Officer's compensation; evaluating the Chief Executive Officer in light of those goals and objectives; and determining the Chief Executive Officer's compensation, including salary, bonus and incentive and equity compensation, based on this evaluation.
- C. Reviewing and approving the goals and objectives of the Corporation relating to the compensation of the Corporation's other executive officers; evaluating the performance of those executive officers in light of these goals and objectives; and determining the compensation of

those executive officers including salary, bonus and incentive and equity compensation, based on this evaluation.

- D. If required by applicable rules of the Securities and Exchange Commission, producing an annual report on executive compensation for inclusion in the Corporation's proxy statement.
- E. Making recommendations to the Board with respect to incentive compensation plans and equity-based plans, including amendments thereto; establishing criteria for the granting of options and other equity awards to the Corporation's officers; and reviewing and approving the granting of such options and other equity awards in accordance with such criteria.
- F. Administering the Corporation's incentive compensation plans and equity-based plans in accordance with the responsibilities assigned to the Committee under any and all such plans.
- G. Reviewing and making recommendations to the Board with respect to the compensation of the directors of the Corporation.
- H. Performing an annual review and evaluation of the compensation structures, and merit pay program of the Bank.
- I. Reviewing and assessing the adequacy of this Charter and recommending any proposed changes to the Board for approval.
- J. The sole discretion to retain or obtain the advice of a compensation consultant, legal counsel or other adviser; and,
- K. The direct responsibility for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser it retains.

The Board shall review annually the scope of responsibilities of the Committee and the effectiveness with which the Committee has carried out its responsibilities during the foregoing year. The Committee shall report to the Board and shall have such power and authority as is necessary for it to fulfill its responsibilities. The Committee shall perform such functions and retain such authority until otherwise provided by the Board or unless any such matter is specifically approved by the Board.

Investigations and Studies; Outside Advisers

The Corporation shall provide the Committee with appropriate funding for payment of compensation; fees and expenses to any compensation consultant or other advisor that the Committee may deem appropriate to engage to assist it with its duties and responsibilities. The Compensation Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the Compensation Committee only after taking into consideration the following six factors:

- A. The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
- B. The amount of fees received from the company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total

revenue of the person that employs the compensation consultant, legal counsel or other adviser;

- C. The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
- D. Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the compensation committee;
- E. Any stock of the company owned by the compensation consultant, legal counsel or other adviser; and,
- F. Any business or personal relationship of the compensation consultant, legal counsel, other adviser of the person employing the adviser with an Executive Officer of the Company.

Meetings

The Committee shall meet as often as its members deem necessary to perform the Committee's responsibilities provided the Committee shall meet at least once a year.

Minutes

The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.