

**PERSONNEL AND COMPENSATION COMMITTEE****CHARTER****Purpose**

The Personnel and Compensation Committee will serve the Board of Directors by providing oversight and guidance with respect to Personnel and Compensation policies and practices. Also, the Committee will provide oversight to Management so that the Bank creates and maintains competitive programs which attract, develop, motivate, reward and retain Associates committed to superior performance and the highest professional and ethical standards. The Committee will ensure that Personnel and Compensation policies support the Bank's strategic mission and comply with all applicable legal and regulatory requirements. The Committee has specific responsibility for the review of Bank officer appointments at the level of Executive Vice President and above.

**Responsibilities**

The Committee shall have the following primary responsibilities:

1. Recommend to the Board levels of salary and incentive compensation payable to the Senior Officers<sup>1</sup> and other key Associates of the Company.
2. Recommend to the Board of Directors the establishment of incentive compensation plans and programs.
3. Recommend to the Board of Directors the adoption and administration of certain Associate benefit plans and programs of the Company.
4. Recommend to the Board of Directors payment of additional year-end contributions by the Company under certain of its retirement plans.
5. Oversee the Company's stock incentive plans.
6. Determine and recommend to the Board stock incentive awards to key Associates of the Company.
7. Annually, review and recommend to the Board performance goals and objectives with respect to the compensation of the Chief Executive Officer consistent with approved compensation plans. Further, recommend the CEO's total compensation level based on such evaluation.
8. Determine whether to retain or terminate any compensation consulting firm used by the Company to assist in the evaluation of director, CEO, or senior executive compensation. Exercise sole authority to approve the terms and fees relating to such retention.
9. Perform such other functions as are from time to time assigned by the Board.

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<sup>1</sup> Direct reports to the President.

**Membership and Meetings**

The Board of Directors shall annually appoint the members (at least three independent Directors) of the Personnel and Compensation Committee. The Committee shall designate its Chairperson. A majority of Committee members shall constitute a quorum for the transaction of business. The Director of the Bank's Human Resources Department shall serve as the Secretary to the Committee. The action of a majority of those present at a meeting, at which a quorum is attained, shall be the act of the Committee. The Committee may delegate matters within its responsibility to subcommittees. The Committee shall meet as required, keep a record of its proceedings, and report thereon from time to time to the Board of Directors.