

Purpose

The Board of Directors has appointed a Board ALCO Committee (“BALCO”) and has delegated authority to this committee to oversee the management of the Bank’s interest rate risk and liquidity management and other related duties as deemed necessary.

BALCO is responsible for establishing and reviewing the Asset/Liability Management Policy and for assuring that the actions taken by management are in accordance with this policy. The Board will review the policy on an annual basis.

BALCO will meet on a quarterly basis to review activities of the Management ALCO Committee (“MALCO”). Minutes will be kept of the meetings. More frequent sessions may be required in periods of volatile economic activity or when specific issues require immediate attention and follow-up.

BALCO oversees MALCO’s efforts regarding the management of interest rate risk and the short- and longer-term liquidity needs of the Bank. The responsibilities of MALCO include:

- Develop and implement an interest rate risk (“IRR”) and liquidity management process and related policy and procedures;
- Establish a monitoring and reporting system;
- Develop and implement strategies and tactics in light of current and likely economic conditions, business opportunities and acceptable risk parameters;
- Oversee the maintenance of a management information system that supplies, on a timely basis, the information and data necessary for MALCO to fulfill its role in managing the IRR and liquidity component of the institution;
- Periodically validates the IRR and liquidity model through independent evaluation with qualified outside third-parties
- Maintains compliance with applicable regulatory requirements

Responsibilities

In fulfillment of the above duties, BALCO is responsible to:

- Review and assess the adequacy of the committee’s charter annually and recommend any proposed changes to the Board for approval;
- Review the Asset/ Liability Management Policy annually;
- Ensure BALCO performs its duties in conformity to the Asset/Liability Management Policy;
- Review, analyze and approve key risk measurements, as appropriate;
- Ensure that the Asset/Liability Management process supports sound, profitable growth commensurate with the strategic plan of the Bank;
- Review management’s periodic reports and provide a report to the Board quarterly

Members

Members of the BALCO Committee will be appointed by the Board and be made up of no less than 3 members. The BALCO Committee may request the independent auditor to attend a meeting of the Committee or to meet with any members of the Committee.