



INFORMATION TECHNOLOGY / INFORMATION SECURITY (IT/IS) COMMITTEE CHARTER

I. AUTHORITY AND MEMBERSHIP

The IT/IS Committee (the "Committee") shall be a joint committee of the Board of Directors (the "Board of Directors") of Pacific Financial Corporation and Bank of the Pacific (the "Bank"), both Washington corporations, (collectively with the Bank, the "Corporation").

A. Committee Membership

Committee membership shall be comprised of three or more Directors, including a Chairman, as determined by the Board Chairman. A majority of the members must be independent of executive management of the Corporation. Key staff to the Committee shall be comprised of the COO, IT Director, and Information Security Officer. Such staff are not members of the Committee.

In the absence of the Chair of the Committee, the Chair of the Committee may appoint one of the members of the Committee to preside at the meeting or one of the members present shall be chosen by the members of the Committee present to preside at the meeting.

B. Quorum

A majority of the members of the Committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of the Committee. In the absence of a quorum, a majority of the members of the Committee present may adjourn any meeting, from time to time, until a quorum is present. No notice of any adjourned meeting need be given other than by announcement at the meeting that it is being adjourned.

C. Authority Vested in Committee

The Committee has the authority, to the extent it deems necessary or appropriate in its sole discretion, to retain independent technology, risk management, legal, accounting or other advisors, without consulting or obtaining the approval of any member of executive management of the Corporation in advance. The Corporation and/or the Bank shall provide for appropriate funding, as determined solely by the Committee, for payment of compensation to any independent advisors employed by the Committee. The Committee may request any officer or employee of the Corporation and/or the Bank or the Corporation's outside counsel or other advisors to attend a meeting of the Committee or to meet with any members of, or consultant to, the Committee.

II. PURPOSE OF THE COMMITTEE

The Committee's primary purpose is to assist the Board of Directors in its oversight of the planning and implementation of technology-based initiatives addressing innovation, workflow and operations management, product and customer experience, enterprise-wide data management, cybersecurity and data privacy risk management and third-party technology risk management in the furtherance of the Corporation's strategic plan.

III. RESPONSIBILITIES OF THE COMMITTEE

A. Charter Review

- Review and reassess the adequacy of this charter annually and recommend to the Board any proposed changes to this charter; and
- Publicly disclose the charter and any such amendments at the times and in the manner required by any financial institution regulatory, financial disclosure reporting body or stock exchange having authority over the Corporation, and in all events post such charter and amendments to the Corporation's website.

B. Technology and Innovation

- Receive reports from members of management, as and when appropriate, on the Corporation's technology and innovation strategy and operations, including significant investments and related progress, and trends that may affect such strategy and operations.
- Receive reports from members of management, as and when appropriate, on the Corporation's strategies for capitalizing on industry changes and new distribution channels for products and services created by digital technologies.
- Receive reports from members of management, as and when appropriate, on any relevant technology and innovation metrics.
- Receive reports on the Corporation's technology and operational resiliency planning and process.
- Review, as and when appropriate, the Corporation's technology and innovation strategy as it regards products and services and operational process workflows and associated expenditures for the Corporation and its business segments.
- Review and, as appropriate, make recommendations to the Board regarding significant investments in support of the Corporation's technology and innovation strategy and operations.

C. Information, Cybersecurity and Data Privacy Risk Management

- Receive reports from members of management, including, but not limited to, the Chief Operating Officer (COO), the Chief Risk Officer (CRO), the Internal Auditor, the Information Security Officer (ISO), IT Director, and other officers or employees as appropriate, regarding the Corporation's practices, management and functioning of technology operations and information security, cybersecurity, operational resiliency, and data privacy risks, including reports related to the assessment, analysis, and mitigation of related risk.
- Review or discuss, as and when appropriate, the Corporation's technology policies, standards, and controls.
- Review and, as appropriate, make recommendations to the Board regarding significant investments in support of the Corporation's information management, cybersecurity and data privacy risk management strategy and operations, and associated expenditures for the Corporation and its business segments.

D. Third Party Risk Management

- Receive reports from members of management, as and when appropriate, on the Corporation's third-party technology risk management program, including information on critical risks and metrics relating thereto.
- Review and provide oversight of the Corporation's third-party technology risk management program.
- Review and approve risk based policies that govern the third party technology risk management program and identify critical activities.

E. Coordination with Management and Other Board Committees

- Coordinate with management, including the COO, CRO, and with the Audit Committee (which coordination may be through the Committee Chairs) to help ensure that these Committees have received

the information necessary to permit them to fulfill their duties and responsibilities with respect to oversight of risk management and risk assessment guidelines and policies.

- The Committee may meet on a semi-annual basis in joint sessions with other committees of the Board from time to time to discuss areas of common interest and material matters.
- Receive reports, as necessary and appropriate, from designated audit professionals and/or the Corporation or Bank's independent auditors regarding the results of assessments and reviews of technology related risk management, governance and oversight as well as internal control systems and processes.
- Receive reports, as necessary and appropriate, from the Management IT Steering Committee regarding the activities and scope of its responsibilities as governed by this committee's charter.

F. General

- Meet as often as the Committee or the Committee Chair determines, but not less frequently than three times within a calendar year.
- As appropriate, meet separately without management or with particular members of management only in executive session.
- As appropriate, hold separate session as either a committee of the Corporation or a committee of the Bank if necessary to address issues that are relevant to one entity but not the other or to consider transactions or other matters where the Corporation and the Bank may have different interests.
- Report to the full Board of Directors on the Committee's activities at each meeting of the Board of Directors of the Corporation and the Bank.
- Maintain minutes or other records of the Committee's meetings and activities.
- Form and delegate authority to subcommittees or members when appropriate.
- . The Board Chairman and Chairman of the IT IS Committee will perform an annual review of the performance of the Committee. In performing their responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:
 - One or more officers or employees of the Corporation and/or the Bank whom the Committee member reasonably believes to be reliable and competent in the matters presented;
 - Counsel, independent auditors, or other persons as to matters which the Committee member reasonably believes to be within the professional or expert competence of such person; or
 - Another committee of the Board of Directors of the Corporation and/or the Bank as to matters within its designated authority which committee the Committee member reasonably believes to merit confidence.