

PREMIER VALLEY BANK

DIRECTOR LOAN COMMITTEE CHARTER

PURPOSE

The Bank's Director Loan Committee ("DLC") is established primarily to ensure consistency in the assessment and management of credit risk and to oversee the Bank's responsibilities under the Community Reinvestment Act (CRA). The policies and guidelines approved by the DLC establish minimum standards to be met by all the Bank's lending practices. In facilitating its role, the DLC participates with Credit Administration as the Bank's policy making authority with respect to credit and risk management policies and CRA activities.

COMMITTEE MEMBERSHIP

The DLC is appointed by the Board and shall be composed of at least three outside members of the Board of Directors and the Chief Executive Officer. The Bank's Chief Credit Officer serves as the primary management liaison to DLC. The Chairman of the Board appoints the DLC Chairman. A majority of the voting members of the Committee constitutes a quorum. Each Director of the Bank shall have a standing invitation to attend any meeting of the DLC.

MEETINGS

In general, regularly scheduled meetings of the DLC shall occur at least monthly.

COMMITTEE RESPONSIBILITIES

The DLC is an overview body. It monitors the Bank's loan approval process, its loan review system and its CRA activities. It also monitors the Bank's reserve for loan losses and its problem loan management system. In short, the DLC monitors all of the lending and CRA functions of the Bank.

The DLC is a policy-generating body. Loan and CRA policies of the Bank originate with the DLC, they are then submitted to the Board of Directors for approval, and are implemented by the officers of the Bank. The DLC then makes sure that the policies are followed and that the process is working. It has responsibility to change the system if the process is working incorrectly.

The DLC is an approval body. It does not make loans; instead, it approves loans that are recommended to it by the officers of the Bank. No loan is ever considered by the DLC unless the officers of the Bank recommend that the loan be made. The DLC then considers all of the facts and either approves or disapproves the loan. It is inappropriate for a DLC member to commit the Bank to a loan or to try to influence the officers in approval of a loan.

The DLC shall maintain detailed minutes of each meeting and shall submit such minutes to the Board of Directors promptly after the meeting of the DLC.

Without limiting the scope of its activities, the DLC shall be responsible for formulating policy with regard to such matters as:

- Bank wide credit policy and risk management guidelines
- Concentration limits
- Approval of new products or lending techniques
- Imposition of limitations on lending categories or sub-groups
- Community Reinvestment Act

The following items are discussed and monitored by the DLC:

- Pertinent legislative and regulatory developments
- Credit officer training and development standards
- Identification of local market strengths and weaknesses
- CRA practices

In addition to the above, the DLC shall perform the following:

- Review for approval all loans which fall above the Bank's management approval authorities
- Review all new, renewed and modified loans of \$2,000,000 and up to \$8,000,000
- Review all new, renewed and modified loans above \$8,000,000 for recommendation to the Board of Directors for approval
- Review monthly all loans which have been criticized or classified internally or by regulators or examiners
- Review quarterly loan loss reserve adequacy and recommend findings to the Board of Directors
- Review month end delinquent loan reports, including loans that are 30 days or more delinquent; review overdraft, charge off and recovery reports
- Review and approve all lending limits of the Bank's lending officers

CREDIT AUTHORITY

The DLC approves loans up to the amount designated by the Board of Directors. The exception to this is that any loan to a Director or Executive Officer must be submitted to the Board of Directors under Regulation O requirements.