

**BENJAMIN FRANKLIN BANCORP, INC. AND BENJAMIN FRANKLIN BANK  
AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER  
TO BE REVIEWED AND ACTED UPON BY THE BOARD OF DIRECTORS  
AS OF MARCH 26, 2008**

**I. Purpose**

The primary purpose of the Audit and Risk Management Committee (referred to herein as the “Committee”) of the Board of Directors, (referred to herein as the “Board”) of the Benjamin Franklin Bancorp, Inc. and the Benjamin Franklin Bank (referred to herein collectively as the “Company”), is to assess and monitor the system of internal controls regarding finance, accounting, legal compliance and ethics; to oversee and monitor the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company; to oversee and monitor the key risk and management issues facing the Company including review of management’s control of enterprise-wide risk exposures, and to provide expertise to the Board in fulfilling its oversight responsibilities relating to the Company’s quality and integrity of financial reports, compliance with legal and regulatory requirements, external auditor’s qualifications, director independence requirements (See Attachment A), and the performance of the internal audit function and external auditors. In so doing, it is the responsibility of the Committee to maintain free and open means of communication among the Board of Directors, external auditors, internal auditors and senior management.

**II. Authority**

The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, retain and oversee the work of the public accounting firm employed by the Company to conduct the annual audit. This firm will report directly to the Audit and Risk Management Committee.
- Appoint, compensate and oversee the work of the public accounting firm employed by the Company to provide any other audit, review or attest services.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Retain independent counsel, accountants, or others as it determines necessary or appropriate to advise the Committee or assist in the conduct of an investigation.
- Have full access to relevant records of the Company and obtain any information it requires from employees – all of whom are directed to cooperate with the Committee’s requests – or external parties.
- Meet with officers, external or outsourced auditors, or house or outside counsel, as necessary.

- Have access to such funding as the Committee determines to be necessary or appropriate to carry out its duties.

### **III. Composition**

The Audit and Risk Management Committee will consist of at least three Directors of the Bank and no more than six members of the Board of Directors. All members of the Committee shall meet the independence and other requirements of applicable law and the listing standards of The NASDAQ Stock Market, Inc. (“NASDAQ”) (See Attachment A). The Board’s Governance Committee will nominate Committee members. The members of the Committee will be designated by vote by the full Board of Directors at each annual meeting of the Board. The Committee will nominate and appoint its chairman (at the first meeting following the annual meeting).

Each Committee member must be able to read and understand financial statements, including a balance sheet, income statement, and cash flow statement. At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background which results in such member’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

The Committee recognizes that its member or members who are “financially sophisticated” as described in the previous paragraph will not necessarily qualify as “audit committee financial experts” within the meaning of federal securities laws. The designation of any members of the Committee as “audit committee financial experts” shall be made by the Board of Directors. It is expected that at least one member of the Committee will be designated as an “audit committee financial expert.” However, if no member is so designated, the Company will explain in its annual report on Form 10-K (or incorporate by reference to its annual proxy statement to shareholders) the reasons why it does not have an audit committee financial expert.

No committee member will simultaneously serve on the Audit and Risk Management Committee of another financial institution.

### **IV. Meetings**

The Committee will meet at least five times a year, with authority to convene additional meetings, as circumstances require. The Committee will maintain minutes of each meeting of the Audit and Risk Management Committee and will report the actions of the Audit and Risk Management Committee to the Board of Directors, with such recommendations as the Audit and Risk Management Committee deems appropriate. All Committee Members are expected to attend each meeting, in person or via tele- or video-conference. The Committee will review and discuss audit and risk management related reports in the presence of the Company’s “Director of Internal Audit Services” and representatives from the Bank’s internal and external audit firms without management present. The Committee may also act by unanimous written consent in lieu of a meeting. The Committee will invite members of management, or others to

attend meetings and provide pertinent information, as necessary. It will meet separately, periodically, with management (as required), with internal auditors and with external auditors. It will also meet periodically in executive session as it deems appropriate and shall have the opportunity to meet in executive session at each of its meetings. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and circulated to members to ensure an accurate final record, and shall be approved at a subsequent meeting of the Committee and shall be distributed periodically to the full Board of Directors. The Audit and Risk Management Committee Chairman will review the agenda prior to the meeting.

## **V. Responsibilities**

The principal responsibilities of the Audit and Risk Management Committee are to oversee and monitor the Company and Bank's financial reporting process and internal control system, to monitor and evaluate pertinent risk management related reports and issues facing the Bank, to appoint, oversee, review and evaluate the performance of the external auditors and to review and evaluate the performance of the internal auditors. In fulfilling these duties and responsibilities, the Audit and Risk Management Committee will carry out the following responsibilities, in addition to performing such functions as may be assigned by law, the Bank's and the Company's charter or bylaws or the Board of Directors:

### **Financial Statements and Reporting**

- Communicating to management the importance of preparing financial statements that are understandable, transparent, and reliable.
- Review significant accounting and reporting issues and understand their impact on the financial statements.

These issues include:

Complex or unusual transactions and highly discretionary areas;

Major issues regarding accounting principles and financial statement presentations, including any significant changes in the company's selection or application of accounting principles; and

The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company and the Bank.

- Review analyses prepared by management and/or the external auditor setting forth critical accounting policies and practices used by the Company, and significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
- Discuss with management and the external auditor quarterly earnings press releases, including the interim financial information included therein.

- Review and discuss with management and the external auditor the year-end audited financial statements and quarterly financial statements, including the results of any audit or review of those financial statements and the disclosure in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained in the Company’s Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.
- If deemed appropriate, recommend to the Board of Directors that the audited financial statements should be included in the Annual Report on Form 10-K for the year.
- Review with management and the external auditors the results of the annual audit and accompanying management letters, and the result of the external auditor’s procedures with respect to interim periods, in each case including any difficulties encountered. This review will include any restrictions on the scope of the external auditor’s activities or on access to requested information, and any significant disagreements with management.

### **External Auditing**

- Determine that the external audit team engaged to perform the external audit consists of competent, experienced, financial institution auditing professionals, and review and approve the compensation to be paid to the external auditors.

A vote will be taken to annually appoint the external audit firms and to recommend approval at the next meeting of the Board of Directors and ratification at the annual meeting of shareholders.. The Director of Internal Audit Services will ensure that a written notice of this appointment (and when a change in, or termination of, its external auditors occurs) will be given to the Commissioner of Banks and the FDIC Regional Office.

- Review and discuss with the external auditors its audit plans and procedures, including the scope, fees, and timing of the audit, including coordination of audit effort with the Internal Audit Firm.
- Review the performance of the external auditors, and exercise final approval on the annual appointment or discharge of the auditors.

In performing this review, the Committee will:

- Take into account the opinions of management and internal audit;
- Review and evaluate the lead partner of the external auditor; and
- Present its conclusions with respect to the external auditor to the Board.
- Ensure the rotation of the lead partner every five years and other audit partners every seven years and consider whether there should be regular rotation of the audit firm itself.
- Present its conclusions with respect to the external auditor to the full Board.

- Obtain and review annually a report by the external auditor describing the firm’s internal quality-control procedures, any material issues raised by the most recent internal quality-control review or peer review or by any publicly disclosed findings resulting from any inquiry, investigation or review by governmental or professional authorities, within the preceding five years, respecting one or more external audits carried out by the firm, and any steps taken to deal with any such issues.
- Obtain and review a formal written statement from the external auditor delineating all relationships between the auditor and the Company or the Bank, consistent with Independence Standards Board Standard 1; actively engage in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor; and take appropriate action to oversee the independence of the auditor.
- Establish policies and procedures for the review and pre-approval by the Committee of all auditing and permitted non-audit services provided by the public accounting firm, with exceptions provided for de minimis amounts under certain circumstances as described by law.
- Oversee compliance with legal requirements applicable to the hiring of employees or former employees of the external auditing firm.
- On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.
- Require the external auditors to advise the Bank if it becomes aware that any officer or employee of the Company or Bank, or its direct or indirect subsidiaries or affiliates, is related to a partner, employee or other representative of the outside auditors, to the extent that such relationship might adversely affect the Company or the Bank under applicable auditing standards.
- Require the external auditors to meet with the Committee members when necessary in executive session with the external auditors, with no management present, to openly discuss the quality of the Company and the Bank’s accounting principles as applied in its financial reporting, including issues such as (a) the appropriateness, not just the acceptability, of the accounting principles and financial disclosure practices used or proposed to be used by the Company and the Bank, (b) the clarity of the financial disclosures and (c) the degree of aggressiveness or conservatism, that exists in the accounting principles and underlying estimates and other significant decisions made by management in preparing the financial disclosure and reviewed by the outside auditors. The Audit and Risk Management Committee will then meet among themselves, without operating management or the external auditors being present; to discuss the information presented to them.
- Require the external auditors, in reviewing the Company and the Bank’s financial reporting and in advising the Audit and Risk Management Committee, to take into account the

requirements imposed by, and the interpretations of, the applicable federal and state banking regulators.

- Review the audit findings, including the comments or recommendations of the external auditors, with the entire Board of Directors.

After having received and reviewed the accountant's audit report; this report shall be submitted and discussed, along with the Audit and Risk Management Committee's own conclusions, at the next Board of Director's meeting. At this meeting, a report shall be rendered and signed by the Committee stating the nature, extent, and results of the audit and whether it accepts the accountant's report. The Committee will ensure that a copy of the accountant's report and management letter is sent to the Commissioner of Banks and the FDIC's Regional office within thirty days after its receipt.

### **Internal Control**

- Review and discuss with management, the external auditor, the Director of Internal Audit Services, and the outside internal audit and information security firms: (a) the adequacy and effectiveness of the Company's internal controls including information technology, security, and control (including any significant deficiencies and significant changes in internal controls reported to the Committee by the external auditor or management); and (b) the adequacy and effectiveness of the Company's disclosures controls and procedures, and management reports thereon.
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

### **Internal Auditing**

- Review and concur in the appointment, replacement, reassignment, or dismissal of the Director of Internal Audit Services.
- Review with the President, the Director of Internal Audit Services and the outside Internal Audit and Information Security Audit firms-the charter, plans, activities, staffing, and organizational structure of the internal audit function.
- Ensure there are no unjustified restrictions or limitations on the internal audit function, and review and concur in the appointment, replacement, reassignment or dismissal of the outside internal audit firm.
- Review the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditor's International *Standards for the Professional Practice of Internal Auditing*.

- On a regular basis, meet separately with the Director of Internal Audit Services and outside internal audit firm to discuss any matters that the Committee or internal audit personnel believes should be discussed privately.
- On a regular basis, meet with the outside internal audit firm to assure itself that a strong internal auditing function exists by reviewing the internal audit program and assessing (grading) risk areas along with a proper control environment that promotes accuracy and efficiency.
- Direct the Director of Internal Audit Services to ensure the internal audit function is conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
- Assure itself that the outside internal audit firm is free from operational duties, and reports directly to the Board of Directors or the Audit and Risk Management Committee regarding any audit concerns or problems.
- Assure itself that the Director of Internal Audit Services is free from all operational responsibilities except for Bank Secrecy Act Administration.
- Receive and review the outside internal audit firm's quarterly report to the Audit and Risk Management Committee, which includes a summary of findings from completed internal audits, and a progress report on the internal audit plan, together with explanations for any deviations from the original plan.
- Review and approve the compensation to be paid to the outside internal audit and information security audit firms.
  - Consider and review with management, the Director of Internal Audit Services, and the outside internal audit firm:
    - (a) significant findings during the year and management's responses thereto, including the status of previous audit recommendations,
    - (b) any difficulties encountered in the course of their audits, including any restrictions on the scope of activities or access to required information,
    - (c) any changes required in the planned scope of the internal audit plan, and
    - (d) the internal auditing department budget and staffing.

## **Compliance**

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.

- Establish procedures for: (i) the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. (See Attachment B)
- Review of findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the code of ethics to Company and Bank personnel, and for monitoring compliance therewith.
- Obtain regular updates from management and Company and Bank legal counsel regarding compliance matters.
- Review corporate policies relating to compliance with laws and regulations, ethics, conflicts of interest, and the investigation of misconduct and fraud.
- Review current and pending corporate-governance-related litigation or regulatory proceedings to which the Company is a party.
- Meet periodically with the compliance officer to discuss key risks, status, issues, and effectiveness.
- Stay informed on significant issues, investigations, and disciplinary actions.
- Review financial reports to determine whether such reports contain appropriate disclosure of the impact of material issues of which the Committee is aware.
- Review the internal auditors' audit plan to ensure that an assessment of compliance and ethics risks is included in such plan.

### **Code of Ethics Oversight**

- Ensure that an appropriate Code of Ethics has been developed and kept updated.
- Review and approve it, and each year, discuss whether revisions are needed.
- Ensure that procedures are established that are designed to result in all employees receiving the Code of Ethics, understanding it and obtaining appropriate training regarding it.
- Ensure that the Board receives a copy of the Code of Ethics and related training.
- Receive and review a summary of reported violations of the Code of Ethics and follow-up actions taken in response to such reported violations.

- Ensure that management understands the importance of exhibiting ethical behavior in its role of establishing the tone at the top.

### **Risk Management**

- Discuss with management the major policies with respect to risk assessment and risk management.
- Review and evaluate key risk reports and risk assessments presented by management e.g., Bank Secrecy Act risk profiles, Information Technology Security reports, Liquidity exposures and trends, customer information security risks, Sarbanes Oxley Act Section 404 compliance, and other risk reports in major risk areas.
- Review and evaluate credit quality analysis reviews presented by the outside commercial loan review firm.
- Review and evaluate the annual bank insurance risk assessment reviews.
- Review the activities and minutes of the Corporate Risk Management Committee on a quarterly basis.
- Ensure that management and the Board of Directors understand the importance of having a risk management process that is comprehensive and ongoing, rather than partial and periodic.

### **Reporting Responsibilities**

- Regularly report to the Board of Directors about Committee activities and issues that arise with respect to the quality or integrity of the Company and the Bank's financial statements, the Company's compliance with legal or regulatory requirements, risk management activities, performance and independence of the Company's external auditors, and the performance of the internal audit function.
- Provide an open avenue of communication between the internal and external auditors, and the Board of Directors.
- Prepare the annual report of the Committee to the shareholders required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement, describing the committee's composition, responsibilities and how they were discharged and any other information required by rule, including approval of non-audit services.

### **Other Responsibilities**

- Perform other activities related to this charter as requested by the Board of Directors.
- Institute and oversee special investigations as needed.

- Review and assess the adequacy of the committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the Committee's performance at least annually.
- Investigate or consider such other matters within the scope of its responsibilities as the Audit and Risk Management Committee may, in its discretion, determine to be advisable.
- Consider and approve, if appropriate, changes to the Company and the Bank's auditing and accounting principles and practices, as suggested by the external auditors, the internal auditors or financial management, and review with the external and internal auditors, and financial management the extent such changes have been implemented (to be done at an appropriate amount of time subsequent to the implementation of such changes as decided by the Audit and Risk Management Committee).

## ATTACHMENT A

### NASDAQ IM-4200. Definition of Independence - Rule 4200(a)(15)

It is important for investors to have confidence that individuals serving as independent directors do not have a relationship with the listed company that would impair their independence. The board has a responsibility to make an affirmative determination that no such relationships exist through the application of Rule 4200.

#### 4200. Definitions

(a) For purposes of the Rule 4000 Series, unless the context requires otherwise:

(14) "Family Member" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home.

(15) "Independent director" means a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship, which, in the opinion of the company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The following persons shall not be considered independent:

(A) a director who is, or at any time during the past three years was, employed by the company or by any parent or subsidiary of the company;

(B) a director who accepted or who has a Family Member who accepted any payments from the company or any parent or subsidiary of the company in excess of \$60,000 during the current or any of the past three fiscal years, other than the following:

(i) compensation for board or board committee service;

(ii) payments arising solely from investments in the company's securities;

(iii) compensation paid to a Family Member who is a nonexecutive employee of the company or a parent or subsidiary of the company;

(iv) benefits under a tax-qualified retirement plan, or non-discretionary compensation; or

(v) loans permitted under Section 13(k) of the Act. Provided, however, that audit committee members are subject to additional, more stringent requirements under Rule 4350(d).

(C) a director who is a Family Member of an individual who is, or at any time during the past three years was, employed by the company or by any parent or subsidiary of the

company as an executive officer;

(D) a director who is, or has a Family Member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the company made, or from which the company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following:

(i) payments arising solely from investments in the company's securities; or

(ii) payments under non-discretionary charitable contribution matching programs.

(E) a director of the listed company who is, or has a Family Member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the listed company serve on the compensation committee of such other entity; or

(F) a director who is, or has a Family Member who is, a current partner of the company's outside auditor, or was a partner or employee of the company's outside auditor who worked on the company's audit at any time during any of the past three years.

(G) In the case of an investment company, in lieu of paragraphs (A)-(F), a director who is an "interested person" of the company as defined in section 2(a)(19) of the Investment Company Act of 1940, other than in his or her capacity as a member of the board of directors or any board committee.

## ATTACHMENT B

### WHISTLE BLOWER POLICY AND PROCEDURES

Revised as of March 26, 2008

#### I. STATEMENT OF NEED, PURPOSE AND SCOPE

The purpose of this document is to set forth the whistleblower policies and operating guidelines of the Audit and Risk Management Committee (hereafter known as the “Committee”) of Benjamin Franklin Bancorp (hereafter known as the “Company”) and Benjamin Franklin Bank (hereafter known as the “Bank”).

The Sarbanes-Oxley Act of 2002 (Act) is a federal statute whose aim is to improve corporate governance and responsibility of public companies through creating measures that deal with financial reporting, conflicts of interest, corporate ethics, and oversight of accounting firms that perform public company audits. The Act has provisions that prohibit retaliation against an internal whistleblower in the terms and conditions of employment, and that require the establishment of procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls or auditing matters (“Accounting Matters”) and the confidential, anonymous submission to the Committee of complaints regarding Accounting Matters. Therefore, in compliance with Sections 301 and 806 of the Act, the Audit and Risk Management Committee has established this Policy and Procedures.

This Policy applies to the Company, the Bank and all of its Subsidiaries. All references within this Policy to Bank and its employees also include the Company, the Bank Subsidiaries and their employees.

#### II. POLICY

***Reporting of Complaints.*** All Bank employees are encouraged to report any complaints regarding Accounting Matters to the Audit and Risk Management Committee of the Board of Directors. Such complaints will be handled in the manner set forth in this Policy. Conduct that is harassing in nature should be reported using the guidelines contained within the grievance policy or the sexual harassment policy within the Bank’s Human Resource Manual.

***Prohibition on Retaliation.*** The Company and the Bank will not discharge, demote, suspend, threaten, harass, or in any other manner discriminate against an employee in the terms and conditions of employment based on any lawful act of such employee with respect to good faith reporting of complaints regarding Accounting Matters or otherwise as specified in Section 806 of the Act.

### III. PROCEDURES

#### A. Reporting Complaints

1. Any complaint regarding Accounting Matters must be reported to the Committee Chairperson or the Chairman of the Board of Directors in his/her absence or any other member of the Audit and Risk Management Committee in writing or by e-mail using the following contact information:

Benjamin Franklin Bank  
Attn: Chairperson – Audit and Risk Management Committee  
(or Attn: Chairman of the Board of Directors)  
58 Main Street  
P.O. Box 46  
Franklin, MA 02038

Charles F. Oteri, Chairman of the Audit and Risk Management Committee	oterifuneralhome@verizon.net
Dr. Mary Ambler	mambler@comcast.net
Anne King	<a href="mailto:askamk@comcast.net">askamk@comcast.net</a>
Daniel O'Brien	dobrien@orrpc.com
Donald Quinn	<a href="mailto:dquinn@dpqpc.com">dquinn@dpqpc.com</a> & dquinn@capecod.net
Alfred Wahlers, Chairman of the Board of Directors	alwahlers@comcast.net

The report may be made anonymously by sending a written complaint to the post office box noted above. At a minimum, the following information should be provided:

- Description of the nature of the complaint.
- Name(s) of the employee(s) and department(s) engaging in the activity.
- Approximate or actual date the activity took place.

The attached form titled “Request to Research an Accounting or Auditing Concern” is provided to document the above information. An employee is not obligated to sign his/her name, indicate his/her position or title, or in any way identify himself/herself, as this process is confidential and anonymous. Should an employee disclose his/her name, the investigation will be conducted confidentially and his/her name will remain anonymous to the fullest extent possible, consistent with the need to conduct an adequate review.

The identity of the person filing the report will not be disclosed without his or her written permission unless the disclosure is to Company or Bank personnel or agents with a legitimate need to know in order to carry out an investigation, to a law enforcement agency, or pursuant to a subpoena or other circumstance where the Bank is required by law to release information.

2. Within 30 days of receipt of any complaint regarding Accounting Matters, the Committee or its representatives will conduct a preliminary investigation either by utilizing the Director of Internal Audit Services, the outside auditors, a sub-committee, or any other assistance deemed necessary by the Committee. The Committee will document and maintain secured records of all reported complaints and any documentation relating to the investigation of those complaints.
3. If appropriate, upon completion of the preliminary investigation, the Committee will review the results of the investigation. The report of the investigation will include:
  - A copy of the original information provided by the employee.
  - A report on the findings of the preliminary investigation.
4. The Committee will review the findings on the reported complaint and determine what, if any, further action is required. Action may include, but not be limited to, requesting additional investigative work by the Director of Internal Audit Services, questioning senior management, contacting legal counsel, hiring other investigators, and/or reporting to law enforcement agencies.

## **B. Protection From Retaliation**

The Company and the Bank will not discharge, demote, suspend, threaten, harass, or in any other manner discriminate against an employee in the terms and conditions of employment based on any lawful act of such employee with respect to good faith reporting of complaints regarding Accounting Matters or otherwise as specified in Section 806 of the Act. If the employee believes he/she is the victim of retaliation, he/she should contact the chairperson of the Audit and Risk Management Committee, or the Director of Internal Audit Services. The alleged retaliation will be investigated. Should the investigation confirm retaliation against the employee in violation of this Policy, the Company or the Bank will take appropriate corrective action.

# Request to Research an Accounting, Internal Accounting Control or Auditing Concern

Today's date: \_\_\_\_\_

Date of incident, if known: \_\_\_\_\_

Indicate department or area where the concern was observed: \_\_\_\_\_

Describe the questionable accounting, internal accounting control, or auditing matter you wish to report (add additional sheets if necessary):

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## For Audit and Risk Management Committee Use Only:

Date Received: \_\_\_\_\_

By Whom: \_\_\_\_\_

Date Discussed with Committee: \_\_\_\_\_

Detail the action to be taken to investigate the complaint or concern:

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Date issue was resolved:

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Document Resolution/Conclusion:

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**To**           **All Employees**

**From:**       **Charles F. Oteri, Chairperson**  
                  **Audit and Risk Management Committee**

**Date:**        **March 26, 2008**

**Subject:**     **Procedures for Filing a Concern or Complaint Relating to Questionable Accounting, Internal Accounting Controls, or Auditing Matters**

The Audit and Risk Management Committee, a subcommittee of the Board of Directors, is responsible for having an effective system of internal controls and an effective audit function in place at the Bank. The Committee is also responsible for ensuring that the importance of internal control is understood, respected, and adhered to throughout the organization. To fulfill this responsibility, the Audit and Risk Management Committee has established a mechanism for employees to submit complaints regarding **accounting, internal accounting control, or auditing matters**. (Non-financial reporting-related grievances should not be submitted through this process; rather the employee should refer to the Employee Manual for proper procedures). All submissions are confidential and will go directly to the Audit and Risk Management Committee for investigation and resolution.

Please review and follow the attached policy and procedures to submit a complaint regarding accounting and/or auditing matters that you feel require the Committee's attention:

If you have any questions concerning these guidelines, please contact Mr. Charles F. Oteri, Chairperson of the Audit and Risk Management Committee; Mr. Alfred H. Wahlers, Chairman of the Board of Directors; or any other member of the Audit and Risk Management Committee.