



Oregon Pacific Bancorp Audit Committee Charter

Purpose and authority

The audit committee assists the Board of Directors (Board) in fulfilling its responsibility for oversight of the integrity of the accounting, auditing, internal control, financial reporting, regulatory compliance practices, enterprise risk management, as well as compliance with ethical standards adopted by the Company. It may also have such other duties as may from time to time be assigned to it by the Board.

The audit committee has the authority to conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisors, as necessary.

In carrying out its duties and responsibilities, the audit committee shall also have the authority to meet with and seek any information it requires from employees, officers, directors or external parties.

Composition and meetings

The audit committee will be comprised of not less than three members of the Board. Each audit committee member will meet the applicable standards of independence and the determination of independence will be made by the Board. Committee members will be appointed by the Board at their annual organizational meeting, taking into account prior experience in matters to be considered by the committee, probable availability at times required for consideration of these matters, and their individual independence and objectivity.

None of the members will be an officer or employee of the Company or its subsidiaries or any other individual having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment. Each member will be financially literate, and at least one member shall be designated as the "financial expert," as defined by applicable legislation and regulation. Members cannot accept consulting, advisory, or other compensatory fees from the Company, or be an affiliated person of the Company or any subsidiary, except for Board or committee services.

One member of the committee shall be appointed as chair. The chair shall be responsible for leadership of the committee, including scheduling and presiding over meetings, preparing or approving agendas, and making regular reports to the Board. The chair will also maintain regular liaison with the Chief Executive Officer, Chief Financial Officer, Director of Internal Audit and the lead independent audit partner.

The committee may appoint one of its members as vice chair, to carry out the duties of the committee chair in his or her absence.

The committee will meet at least quarterly, or more frequently as circumstances dictate. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. The committee will maintain minutes and other relevant information of all meetings. Members of management, auditors or others will be invited to attend meetings and provide pertinent information, as necessary. Each regularly scheduled meeting will conclude with an executive session of the committee with members of management excused.

Responsibilities and duties

To fulfill its responsibilities and duties, the audit committee will:

General

1. Have the power to conduct or authorize investigations into any matters within the committee's scope of responsibilities. This includes unrestricted access to members of management and other employees of the Company, as well as all information relevant to carry out its responsibilities.
2. Undertake such additional duties as from time to time may be delegated to it by the Board, or deemed desirable, at the committee's discretion.
3. Be empowered to retain, at the Company's expense, independent counsel, accountants or others for such purposes as the committee, in its sole discretion, determines to be appropriate to carry out its responsibilities.

Documents/reports/other information review

1. Review this charter at least annually and recommend to the board of directors any necessary amendments.
2. Review internal reports to management, or summaries thereof, as well as management's response.

Independent auditor

1. Appoint, compensate, retain and oversee the work performed by the independent auditor. Review the performance and independence of the independent auditor and remove them if circumstances warrant. The independent auditor will report directly to the audit committee and the committee will oversee the resolution of any problems or difficulties encountered in the performance of the audit, or disagreements between management and the independent auditor if any arise.

2. Consider whether the auditor's provision of permissible nonaudit services is compatible with the auditor's independence. This could include fees paid to the auditors for audit services, information technology services, and all other services.
3. Hold timely discussions with the independent auditor regarding the following:
 - All critical accounting policies and practices
 - All alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor
 - All matters required to be communicated to the committee under generally accepted auditing standards.
 - Other material written communications between the independent auditor and management, including, but not limited to, the management letter and schedule of unadjusted differences
4. Review and preapprove both audit and nonaudit services to be provided by the independent auditor. The chair has authority to approve such services with later disclosure to the full committee.

Financial reporting processes, accounting policies, regulatory compliance and internal control structure

1. Periodically review the adequacy and effectiveness of the Company's procedures and internal controls over financial reporting, including any significant deficiencies and significant changes in internal controls.
2. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
3. Review the Company's annual and interim financial statements prior to release, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
4. Review other sections of the Company's annual and interim reports before release and consider the accuracy and completeness of the information.
5. Review earnings press releases and letters to shareholders, as well as other relevant reports or financial information prior to release.
6. Review financial information and earnings guidance provided to Company noninsiders prior to release.
7. Obtain reports on significant regulatory compliance, information technology and internal control findings and recommendations, together with management responses.
8. Review summaries of the status of internal certifications.
9. Establish and oversee procedures for the receipt, retention, and treatment of complaints regarding accounting, internal controls, or auditing matters, including procedures for confidential, anonymous submissions by employees regarding accounting or auditing matters.

Internal audit

1. Review and advise on the selection, performance and removal of the internal audit director.
2. Direct oversight of the Internal Audit Department including review and approval of the annual internal audit risk assessment and audit plan, and review of the audit reports. The committee will also ensure proper consideration of internal audit results by the relevant department or branch.
3. Periodically review with the internal audit director any significant difficulties, disagreements with management, or scope restrictions encountered in the course of their work.

Ethical compliance, legal compliance, and enterprise risk management

1. Oversee, review and periodically update the company's code of business conduct and ethics and the system to monitor compliance with and enforce this code.
2. Review with Company's legal counsel, when deemed necessary, legal compliance and matters that could have a significant impact on the Company's financial statements.
3. Discuss policies with respect to risk assessment and enterprise risk management, including appropriate guidelines and policies to govern the process, as well as the Company's major financial risk exposures and the steps management has undertaken to monitor and control them.

Reporting

1. Report regularly to the Board regarding the execution of the audit committee's duties and responsibilities, activities, any issues encountered and related recommendations.

Other responsibilities

1. Review with the independent auditor, the internal auditor and management the extent to which changes or improvements in financial or accounting practices have been implemented.
2. Perform any other activities that the Board or audit committee determines are necessary or appropriate.