

**ARTICLE 1  
DUTIES AND RESPONSIBILITIES**

**Section 1.1 General Purpose.** The Finance Committee of Plumas Bancorp (“Bancorp”) and Plumas Bank (“Bank”) shall have the following general duties:

- a) Oversee the asset/liability management process of the Bancorp and Bank to ensure that that interest rate risk and liquidity is managed in a prudent manner, consistent with industry-wide safety and soundness best practices;
- b) Oversee the administration of the investment portfolio and the Bank-owned life insurance holdings (BOLI) of the Bancorp and Bank to ensure that it is managed in a prudent manner, consistent with industry-wide safety and soundness best practices;
- c) Develop and monitor the implementation of the investment portfolio policy, BOLI policy and asset/liability management policy updated by management to ensure sound practices are operative within the Bancorp and Bank;
- d) Review and evaluate pertinent legislative and regulatory developments impacting interest rate risk and investment portfolio and BOLI management, and;
- e) Discuss and evaluate general market economic conditions affecting interest rates and their impact on the overall performance of the Bank relative to its financial objectives.

**Section 1.2 Reporting to Board; Board Responsibility.** The Finance Committee shall report regularly to the Bancorp and Bank Board. The Committee shall also have the authority, to the extent it deems necessary, to retain internal or external legal, accounting, or other consultants or advisers to advise the Committee. The Bancorp and Bank Board and management shall ensure that the Finance Committee has adequate resources and authority to discharge its responsibilities.

**Section 1.3 Policy Development and Approval.** The Finance Committee shall work with the Bancorp and Bank Board and management in instituting investment, BOLI and asset/liability management policies for the Bancorp and Bank. Such policies originate with management and are submitted to the Finance Committee for review and concurrence. These policies are then submitted by the Finance Committee with its recommendation to the Bancorp and Bank Board for approval. Such Policies shall address responsible investment portfolio and BOLI administration and interest rate risk and liquidity management practices regarding such matters as:

Investment Portfolio

- a) Investment portfolio quality and risk management guidelines
- b) Management approval limits
- c) Policy compliance monitoring process

Bank-Owned Life Insurance (BOLI)

- a) Establishing policies, procedures, and limits
- b) Risk management monitoring practices

Asset/Liability Management

- a) Interest rate risk and liquidity parameters and risk management guidelines
- b) Policy compliance monitoring process

**Section 1.4 Policy Implementation Oversight.** The Finance Committee shall develop a process for reviewing and evaluating the implementation of investment portfolio, BOLI and asset/liability management policies at the Bancorp and Bank. This process shall include reviewing reports presented by management on the status and quality of the investment

portfolio, BOLI and interest rate risk management at the Finance Committee's regular meeting. The Finance Committee shall review the quality of the investment portfolio administration and asset/liability management functions through a regular evaluation conducted by a reputable third-party, as directed by the Audit Committee of the Bancorp and Bank. The results of this evaluation shall be reported to the Audit Committee and the Finance Committee. The Finance Committee shall periodically inquire of management regarding the status of any items requiring corrective action as identified through the third-party evaluation.

## **ARTICLE 2 ORGANIZATION**

**Section 2.1 Membership.** The Finance Committee will consist of at least three (3) members, with at least two (2) of those members being outside directors. An "Outside Director" is any director of the Bancorp and Bank who is independent as determined in accordance with applicable law, including the rules and regulations of the Securities and Exchange Commission, and the rules of NASDAQ, as applicable except as otherwise permitted by such rules.

**Section 2.2 Appointment and Term.** The Chair of the Board of the Bancorp and Bank shall appoint members and Chair of the Finance Committee, respectively. The Chair's appointments shall be presented to the Corporate Governance Committee who shall recommend confirmation of names to the Bancorp and Bank Board for approval. These appointments to the Finance Committee made by the Chair of the Board are subject to a term of one year. Those appointed will serve at the discretion of the Bancorp and Bank Board.

**Section 2.3 Duties of Chair.** The Finance Committee Chair will preside over all meetings of the Finance Committee and perform any duties as may be assigned by the Bancorp and Bank Board from time to time.

**Section 2.4 Resignation.** Any member of the Finance Committee may resign, effective upon giving formal notice to the Chair of the Bancorp and Bank Board unless the notice specifies a later time for the effectiveness of the resignation.

**Section 2.5 Vacancies.** All vacancies on the Finance Committee, however created, may be filled by the Bancorp and Bank Board, subject to nomination by the Chair of the Bancorp and Bank Board and confirmation of the Corporate Governance Committee. Each member of the Finance Committee so appointed will hold office until the expiration of the appointed term and until a successor is appointed and qualified.

**Section 2.6 Regular Meetings.** Regular meetings of the Finance Committee will be held at the time and place as the Finance Committee determines. Regular meetings of the Finance Committee will be held quarterly, unless not deemed necessary by the Chair of the Finance Committee. Any change in the time or place of a regularly scheduled meeting will require:

- (a) The consent of a majority of the members of the Finance Committee; and
- (b) Five days' notice by mail or twenty-four hours' notice received personally, by telephone, e-mail, or similar transmission.

**Section 2.7 Special Meetings.** Special meetings of the Finance Committee may be called at any time by the Chair of the Finance Committee, any two voting members of the Finance Committee, the Chief Executive Officer or Chief Financial Officer of Bancorp and Bank,

or by a majority of the Bancorp and Bank Board. Special meetings may be held upon five days' notice by mail or twenty-four hours' notice received personally, by telephone, e-mail, or similar transmission. Notice of special meetings need not be given to any member who:

- (a) Before or after the meeting, signs (i) a waiver of notice, (ii) a consent to holding the meeting, or (iii) an approval of the subject minutes; or
- (b) Attends the meeting without protesting the lack of notice to such member.

**Section 2.8 Voting.** If the Finance Committee is comprised of an even number of directors, one-half of the number of members will constitute a quorum for the transaction of business. If the Finance Committee is comprised of an odd number of directors, a majority of the Finance Committee members will constitute a quorum for the transaction of business. Every action consented to by a majority of the Finance Committee members present at a meeting (at which a quorum is present) will be regarded as an act of the Finance Committee, unless other consent is required pursuant to this Charter, the Articles of Incorporation or Bylaws of Bancorp and Bank or applicable law.

**Section 2.9 Minutes.** The Chair of the Finance Committee will ensure that minutes and other relevant records of the meetings and activities of the Finance Committee are maintained. The minutes will be available for review by Finance Committee members, the Bancorp and Bank Board and any regulatory agency or auditor having authority over the affairs of Bancorp and Bank. In the event of any meeting in "executive session," the Chair will designate an Acting Secretary of the Finance Committee for the purpose of recording the minutes of actions taken at the meeting or "executive session" thereof.

**Section 2.10 Presence at Meetings.** Members of the Finance Committee may participate in a meeting using conference telephone or similar communication equipment, so long as all members participating in the meetings can hear one another. A telephone poll or electronic communication such as e-mail or other similar transmission may be conducted for the purposes of obtaining investment purchase or other required approvals between regularly scheduled meetings to facilitate treasury operations. In such cases, the telephone poll or electronic communication may be conducted where all members participating may not hear one another. Use of these alternate meeting methods when all members cannot hear one another will be on an exception basis. Participation in a meeting pursuant to this Section constitutes presence in person at the meeting. Written records of the results of a telephone poll or electronic communication shall be reported at the next regularly scheduled Finance Committee meeting by management.

**Section 2.11 Amendments.** This Charter of the Finance Committee may be amended only by a resolution of the Bancorp and Bank Board.

**Section 2.12 Delegation of Authority.** This Finance Committee may form and delegate authority to subcommittees when appropriate.