River City Bank

Audit Committee Charter

I. PURPOSE

The Audit Committee ("Committee") of River City Bank (the "Bank") is appointed by the Board of Directors (the "Board") to fulfill its oversight responsibilities with respect to the Bank's financial reporting, accounting and audit functions. The Committee assists with the oversight of:

- The Bank's auditing, accounting, and financial reporting processes.
- The Bank's independent auditors.
- The Bank's internal audit function.
- The Bank's systems of internal controls regarding finance, accounting, legal compliance, and ethics that management and the Board have established.

The Committee will fulfill these responsibilities by the activities outlined in this Charter.

II. AUTHORITY

A. The Committee is authorized to select, retain and determine the compensation for an independent registered public accounting firm to act as the Bank's independent auditors and to dismiss any such firm, as described below.

B. The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities.

C. The Committee has direct access to the Bank's legal counsel and its independent auditors, as well as access to anyone employed by the Bank.

D. The Committee has the authority to retain, terminate and oversee, at the Bank's expense, special legal counsel, accounting, or other consultants or experts who are or may be engaged to assist the Committee with carrying out its responsibilities and functions. The Committee is authorized to set and approve applicable fees and other retention terms for such persons or firms.

E. The Committee shall have the authority to delegate any of its responsibilities, along with the authority to act in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

III. COMPOSITION

The Committee will be comprised of at least three members of the Board.

The members will be appointed and serve at the pleasure of the Board. Any member may resign at any time upon notice to the Chairman of the Board. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

Each member of the Committee shall be an "independent" director in accordance with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended, and the rules of the NASDAQ Stock Market, and otherwise meet all other requirements imposed by applicable law. Each member of the Committee shall be an "outside director" (as defined in the regulations of the Federal Deposit Insurance Corporation (the "FDIC") at 12 C.F.R. Section 363.5(a)(3)) who is "independent of management" (as determined by the Board in accordance with the guidelines and interpretations of the FDIC at 12 C.F.R. Part 363, Appendix A). No member of the Committee shall have participated in the preparation of the financial statements of the Bank or any of its current subsidiaries at any time during the preceding three years.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Bank's balance sheet, income statement and cash flow statement. At least one member of the Committee must have past employment experience in finance or accounting, and a requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication. At least one member of the Committee must be an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K of the U.S. Securities Exchange Commission. A person who satisfies this definition of "audit committee financial expert" will also be presumed to have financial sophistication.

IV. MEETINGS

A. The Committee will meet with the Bank's independent auditors upon completion of the annual audit and at such other times as it deems appropriate to review the independent auditors' examination and management report.

B. The Committee shall meet at least quarterly with the Bank's independent auditors, or more frequently as circumstances dictate.

C. As part of its job to foster open communication, the Committee should meet in separate executive sessions at least annually with the Director of Internal Audit and Regulatory Liaison and the external audit firm, out of the presence of management. The Committee shall prepare minutes of its meetings.

D. The Committee shall report regularly to the Board on its discussions and actions, including any significant issues or concerns that arise at its meetings, and shall make recommendations to the Board as appropriate.

E. A quorum will consist of a majority of the members of the Committee. If a quorum is present, any action approved by at least a majority of the members present will represent the valid action. Board directors are the only voting members of the committee.

V. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Committee will:

A. Documents/Reports Review

1. Review this Charter annually and recommend any changes to the Board for approval.
2. Review and approve management's Bank-wide Risk Assessment and Audit Schedule at the beginning of each year.
3. Review the Bank's policies and procedures that are under the oversight of the Committee.
4. Review and approve the Enterprise Risk Management Scorecard on a quarterly basis.
5. Monitor and provide oversight of the Bank's Vendor Management Program. This includes the periodic approval of the Vendor Management Risk Assessment and Vendor Management Program.
6. Monitor management's efforts to address audit findings. The Committee will be responsible for approving the closure of any audit findings related to the Internal Audit department.

B. Independent Auditors

1. Select and retain an independent registered public accounting firm to act as the Bank's independent auditors for the purpose of auditing the Bank's annual financial statements, books, records, accounts and internal controls over financial reporting. Dismiss and replace the Bank's independent auditors, if appropriate.
2. Oversee the work performed by the Bank's independent auditors.
3. Approve all audit engagement fees and terms and pre-approve all audit and permitted non-audit and tax services that may be provided by the Bank's independent auditors or other registered public accounting firms and establish policies and procedures for the Committee's pre-approval of permitted services by the Bank's independent auditors or other registered public accounting firms.
4. At least annually, obtain and review a report by the Bank's independent auditors describing: (1) the accounting firm's internal quality control procedures; (2) any issues raised by the most recent internal quality control review, peer review or Public Company Accounting Oversight Board ("PCAOB") review or inspection of the firm, or by any other inquiry or investigation by governmental or professional authorities in the past five years regarding one or more audits carried out by the firm and any steps taken to deal with any such issues; and (3) all relationships between the firm and the Bank or any of its subsidiaries, and discuss with the independent auditors this report and any relationships or services that may impact the objectivity and independence of the auditors.
5. Review and discuss with the Bank's independent auditors: (1) the auditors' responsibilities under generally accepted auditing standards ("GAAP") and the responsibilities of management in the audit process; (2) the overall audit strategy; (3) the scope and timing of the annual audit; (4) any significant risks identified during the auditors' risk assessment procedures; and (5) when completed, the results, including significant findings, of the annual audit.
6. Consult with the independent service providers, out of the presence of management, about internal controls, loan portfolio quality, and the fullness and accuracy of the organization's financial statements.
7. Review and discuss with the Bank's independent auditors: (1) all critical accounting policies and practices to be used in the audit; (2) all alternative treatments of financial information within GAAP that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the auditors; and (3) other material written communications between the auditors and management.
8. Review with management and the Bank's independent auditors: any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Bank's selection or application of accounting principles; any significant financial reporting issues and judgments made in connection with the preparation of the Bank's financial statements, including the effects of alternative GAAP methods; and the effect of regulatory and accounting initiatives and off-balance sheet structures on the Bank's financial statements.

9. Discuss and review with the independent auditors the Committee's understanding of the Bank's relationships and transactions with related parties that are significant to the Bank and review and discuss with the Bank's independent auditors the auditors' evaluation of the Bank's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Bank's relationships and transactions with related parties.
10. Review with management, the internal audit department and the Bank's independent auditors the adequacy and effectiveness of the Bank's financial reporting processes, internal control over financial reporting and disclosure controls and procedures, including any significant deficiencies or material weaknesses in the design or operation of, and any material changes in, the Bank's processes, controls and procedures, and any special audit steps adopted in light of any material control deficiencies, and any fraud involving management or other employees with a significant role in such processes, controls and procedures, and, if applicable, review and discuss with management and the Bank's independent auditors disclosure relating to the Bank's financial reporting processes, internal control over financial reporting and disclosure controls and procedures, the independent auditors' report on the effectiveness of the Bank's internal control over financial reporting and the required management certifications to be included in or attached as exhibits to the Bank's annual report on Form 10-K or quarterly report on Form 10-Q, as applicable.
11. Review and discuss with the Bank's independent auditors any other matters required to be discussed by applicable requirements of the PCAOB or the rules of the FDIC or the Securities and Exchange Commission ("SEC").
12. At least annually, evaluate the qualifications, performance and independence of the Bank's independent auditors, including an evaluation of the lead audit partner and assure the regular rotation of the lead audit partner of the Bank's independent auditors and consider regular rotation of the accounting firm serving as the Bank's independent auditors.

C. Internal Audit

1. Approve the appointment and dismissal of the Director of Internal Audit and Regulatory Liaison after consulting with management.
2. Review and approve the Director of Internal Audit and Regulatory Liaison's performance evaluation annually, as well as any recommended changes to his/her compensation.
3. Review the regular reports prepared by the internal audit department and management's response.

D. Financial Reporting Processes

1. Review annual audited financial statements prior to filing and distribution, and review any significant issues regarding accounting principles, practices, and judgments with auditors and management.
2. Review and discuss with the Bank's independent auditors and management the Bank's annual audited financial statements (including the related notes), the form of audit opinion to be issued by the auditors on the financial statements and the disclosure under

"Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") to be included in the Bank's annual and quarterly reports on Form 10-K and 10-Q, if applicable, before filing with the FDIC.

2. Recommend to the Board whether the audited financial statements and the related MD&A disclosure (if applicable) should be included in the Bank's annual report on Form 10-K for filing with the FDIC and review and approve the audit committee report that is required to be included in the Bank's annual proxy statement.
3. Meet with the Chief Financial Officer prior to the issuance of the annual financial statements to review all significant estimates and inputs, including those provided by third party consultants that are reflected in the audited financial statements.
4. Consider and approve, if appropriate, major changes to the Bank's auditing and accounting principles and practices as suggested by the independent accountants, management, or the internal audit department.
5. Review and approve quarterly earnings press releases prior to distribution.

E. Process Improvement

1. Establish regular processes of reporting to the Committee for management, the external audit firm, internal audit, and other third-party auditors, as deemed necessary.
2. Review with management, the external audit firm, and the internal audit department, any significant difficulties encountered during the audit.
3. Review any significant disagreements among management, the internal audit department, and the external audit firm during the preparation of the financial statements.
4. Review with the external audit firm, the internal audit department, and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted after implementation of changes or improvements.
5. Perform a self-assessment of Committee performance each year.
6. Improve Committee knowledge and expertise by using educational opportunities.

F. Ethical and Legal Compliance

1. Review management's monitoring of the Bank's compliance with the organization's Code of Business and Ethical Conduct.
2. Ensure management has the proper review system in place to ensure Bank's financial statements, reports, and other financial information is quickly disseminated to governmental organizations.
3. Review activities, structure, and qualifications of the internal audit department.
4. Review, with the Bank's counsel, any legal matter that could have a significant impact on the Bank's financial statements.
5. Perform any other activities the Committee or Board deems necessary that are consistent with this Charter, the Bank's By-laws, and governing law.

6. Review and investigate any “whistleblower” complaints.
7. Review for approval all related party transactions for potential conflicts of interest situations in accordance with the Bank’s Related Party Transaction Policy.
8. Review management’s monitoring of stock transactions by Insiders, in accordance with the Bank’s Insider Trading Policy.
9. Establish and oversee procedures for the receipt, retention and treatment of complaints received by the Bank regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by Bank employees of concerns regarding questionable accounting or auditing matters.

VI. LIMITS OF COMMITTEE’S ROLE

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Bank’s financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the Bank’s independent auditor.