

FIRST BANK ASSET LIABILITY COMMITTEE CHARTER

This Asset Liability Committee (ALCO) Charter (this “Charter”) governs the operations of the ALCO Committee (the “Committee”) of the Board of Directors (the “Board”) of First Bank (the “Bank”). The Committee shall review the adequacy of this Charter at least annually and recommend any proposed changes to the Board for its approval, although the Board shall have sole authority to amend this Charter.

Membership of Committee

The Committee shall be composed of a minimum of three (3) outside directors and the President and Chief Executive Officer. The Board shall appoint all members of the Committee. The Chairman of this Committee shall be appointed by the Board. Members of the Committee shall serve until the Board shall remove them or their successors are duly appointed and qualified.

Each member of the ALCO shall have a vote. The Chief Financial Officer and Chief Lending Officer, or other staff, may serve as the Bank’s management liaison, but are not Committee members and shall not be entitled to vote.

All Committee members shall be sufficiently familiar with Asset Liability Management (ALM) concepts and issues as to make the judgments required of the Committee. Topics of frequent discussion in the ALCO includes:

- Balance sheet strategies
- Strategies to maximize return
- Government economic policy
- Near-term forecast of interest rate levels
- Funds management strategies and asset allocation
- Interest rate, credit and liquidity risk
- Pricing of bank products and competitive analysis
- Capital utilization and adequacy

Meetings

The Committee shall meet as often as it shall determine, but no less than once per quarter. The Committee may request any officer or employee of the Bank to attend a meeting of the Committee or to meet with any members of, or any consultant to, the Committee.

The Committee will cause to be kept adequate minutes of all its proceedings which will be provided to the Board. Approved minutes will be submitted to the Board at its regularly scheduled meeting following the Committee approval. The Committee members will be furnished with copies of the minutes of each meeting and any action taken by unanimous consent.

The Committee shall be governed by the same rules regarding meetings (including meetings by conference video or telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Committee is authorized to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter, (b) any provision of the Bylaws of the Bank, (c) any provision of the Articles of Incorporation of the Bank or (d) the laws of the State of New Jersey.

Purposes of the Committee

Asset Liability Management is the process of actively managing the risk inherent in the Bank's balance sheet, primarily the Bank's interest-earning assets (loans and securities) and interest-bearing liabilities (deposits and borrowings) in a manner consistent with the Bank's goals for 1) risk tolerances, 2) long-term growth and 3) profitability.

The Committee's management of risk shall be for these purposes: 1) to provide guidance to Bank management such that sufficient risk is taken to achieve growth and profitability objectives; and 2) to prevent Bank management from engaging in speculative practices or otherwise involve levels of risk considered unacceptable by the Committee.

Responsibilities and Processes

The primary responsibility of the Committee shall be to oversee management's risk management activities related to the financial risk (interest rate, credit and liquidity risk) associated with the interest-earning assets and interest-bearing liabilities on the Bank's balance sheet and related off-balance sheet accounts. The Committee's process for managing financial risk shall be based upon the following:

- Identification of the Bank's risk profile; i.e., its tolerance for risk
- Establishment of appropriate risk parameters
- Monitoring risks on an ongoing basis

The Committee recognizes that risk management is a dynamic process based in part on the judgments and perceptions of its members, which may vary significantly. The Committee shall therefore consider appropriate industry standards, best practices, peer comparisons, and the views of reputable outside resources in its risk management process. The Committee, in carrying out its responsibilities believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate.

On a quarterly basis, the Committee shall:

- Review the Bank's adherence to established ALM risk parameters and exceptions to policy, if any
- Review the Bank's performance against its Strategic Plan and determine if adjustments in the mix, volume, credit rating, pricing, and/or maturity of interest-earning assets and interest-bearing liabilities are needed to enable the Bank to achieve its Plan objectives

The Committee Chairman or designated member of executive management (e.g. CEO or CFO) will make a verbal report to the Board of Directors subsequent to each ALCO meeting. All significant actions of the ALCO shall be reported to and ratified by the full Board. Such actions may include, but are not limited to:

- Approval of the Asset Liability Management Policy (annually) and amendments thereto
- Significant purchases or sales of assets approved by the Committee if not contemplated in the Strategic Plan or annual financial plan
- Significant incurrence of debt or lines of credit approved by the Committee if not contemplated in the Strategic Plan or annual financial plan
- Significant hedging and derivative transactions if not contemplated in the Strategic Plan or annual financial plan
- Significant changes in the fair value of securities
- Changes in correspondent banks and services purchased there from
- Changes in securities brokers
- Acceptance of reports of outside auditors/consultants for review of interest rate risk management and/or other ALM processes

Review the appropriateness of key ALM models, assumptions, and independent model review.

Consultants

The Committee shall have the authority to select, retain and terminate such consultants, outside counsel and other advisors (“Consultants”) as it deems necessary or appropriate in its sole discretion. The Committee may invite such Consultants to attend meetings of the Committee or to meet with any members of the Committee or may ask such Consultants to submit reports on issues which the Committee deems necessary to the Committee. The Committee shall have the sole authority to approve the fees and retention terms relating to such Consultants, which fees shall be borne by the Bank.