



**Charter of the Audit Committee of the Board of Directors of
Community First Bank of Indiana**

To Be Approved by the Board of Directors: August 2019

Purpose

The Audit Committee of the Board of Directors of Community First Bank of Indiana (the “Bank”) is appointed by the Board to assist the Board in monitoring (1) the integrity and transparency of the Bank’s financial statements, (2) the independent auditor’s qualifications and independence, (3) the performance of the independent auditor, and (4) the Bank’s compliance with legal and regulatory requirements.

Membership

The Committee shall consist of at least three directors. Each member of the Committee shall be an “outside director independent of management” within the meaning of the FDIC requirements.

“Outside director independent of management” means a person determined to so qualify at least annually by the Board of Directors. In making such determination, the Board of Directors should consider all relevant information.

The following persons shall not be considered “outside directors independent of management”:

- a. A director who is an officer or employee of the Bank;
- b. A director who accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Bank or any subsidiary thereof other than in the director’s capacity as a member of the Board of Directors or any Board committees. The total fee received in the director’s name for these type of services must exceed \$60,000 per year;
- c. A director who has any family member who shares the director’s home, and accepts compensatory payments from the Bank;
- d. A director who is a partner, member, managing director or executive officer of an entity which provides accounting, consulting, legal, investment banking or financial advisory services to the Bank or any subsidiary of the Bank. The fee paid to the entity must not be more than the greater of \$200,000 or 5% of the entity’s revenue for the year; and
- e. A director who is an affiliated person of the Bank or any subsidiary of the Bank apart from the director’s capacity as a member of the Board of Directors and any Board committee. A director who, directly or indirectly, owns or controls less than ten percent (10%) of any outstanding class of voting equity securities of the Bank is deemed not to be an affiliate of the Bank by reason of such ownership or control.

All members of the Committee shall be able to read and understand fundamental financial statements. 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 the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Committee members may enhance their familiarity with

finance and accounting by participating in educational programs conducted by the Bank or an outside consultant.

Committee members shall not simultaneously serve on the audit committees of more than two other companies.

The Committee members shall serve at the pleasure of the Board. Unless a Chair is appointed by the full Board, the members of the Committee may designate a Chair by vote of the Committee members.

Meetings

The Committee shall meet at least three times annually or more frequently as circumstances dictate, with the schedule and frequency of meetings to be determined by the Board of Directors or the Committee. The Committee shall meet periodically with management, and the independent auditor in separate executive sessions to discuss any matters that the Committee or any of these groups believes should be discussed privately. The Committee may request any officer or employee of the Bank or the Bank's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee.

Authority and Responsibilities

The Committee shall pre-approve all auditing services and non-audit services, including the fees and terms thereof, to be performed for the Bank by its independent auditor. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of the independent auditor, including resolution of disagreements between management and the independent auditor regarding financial reporting. The independent auditor shall report directly to the Committee.

The Committee may form and delegate authority to the Chair of subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and non-audit services, provided that decisions of such persons to grant pre-approvals shall be presented to the Committee at its next scheduled meeting.

The Committee shall have the authority, to the extent it deems necessary or appropriate and without seeking Board approval, to retain independent legal, accounting or other advisors. The Committee is not precluded from seeking advice from regular outside counsel to the Bank. The Bank shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Committee.

The Committee shall make regular reports to the Board. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall annually review the Committee's own performance.

The Committee, to the extent it deems necessary or appropriate, shall:

Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditor the annual audited financial statements.

2. Discuss with management and the independent auditor major issues regarding accounting principles and financial statement presentations, including all critical accounting policies, practices and estimates used and required disclosures related thereto, the adequacy and disclosure of reserves, any significant changes in the Bank's selection of application of accounting principles, any major issues as to the adequacy of the Bank's internal controls and any special audit steps adopted in light of material control deficiencies.
3. Review and discuss reports from the independent auditor on:
 - a. All critical accounting policies and practices to be used;
 - b. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
 - c. Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
4. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as the Bank's off-balance sheet structures.
5. Discuss with management the Bank's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
6. Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
7. Review and approve all related-party transactions not otherwise approved by the full Board.
8. Review with management and the independent accountants the basis for their respective reports issued pursuant to FDIC or DFI requirements, including Call Reports, FDICIA documentation and reporting and other similar reports, as well as any statement of management's responsibilities for financial statements and internal controls.

Oversight of the Bank's Relationship with the Independent Auditor

1. Review and evaluate the lead partner of the independent auditor.
2. Discuss with the independent auditor at least annually: (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any

inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor and the Bank.

3. Annually evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management. The Committee shall present its conclusions with respect to the independent auditor to the Board.
4. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.
5. Recommend to the Board policies for the Bank's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Bank.
6. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

Compliance Oversight Responsibilities

1. Discuss with the independent auditor whether during the audit the auditor detected or became aware of information indicating that an illegal act (whether or not perceived to have a material effect on the financial statements of the Bank) has or may have occurred.
2. Obtain reports from management that the Bank is in conformity with applicable legal requirements and the Bank's Code of Conduct and Conflict of Interest Policy. Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Bank's policies and procedures regarding compliance with applicable laws and regulations and with the Bank's Code of Conduct and Conflict of Interest Policy.
3. Establish and maintain 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 employees of concerns regarding questionable accounting or auditing matters.
4. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Bank's financial statements or accounting policies.
5. Discuss with counsel legal matters that may have a material impact on the financial statements or the Bank's compliance policies.
6. Conduct or authorize investigations into any matters within the Bank's scope of responsibility.

7. Provide such reports or disclosures concerning the activities or composition of the Committee as may be required by the rules of the FDIC, DFI or other regulatory authorities.

Limitation of Audit 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 generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.