

**CITIZENS BANCORP
CITIZENS BANK
BOARD AUDIT COMMITTEE CHARTER**

SCOPE

It is the responsibility of the Board of Directors of Citizens Bancorp and its subsidiary, Citizens Bank (the “Company”) to ensure the protection of the Company’s assets, provide managerial oversight and to deter any practice that could be concluded to be unsafe and unsound. The Audit Committee is appointed by the Board of Directors to assist in fulfilling its oversight responsibilities by monitoring and reviewing: the integrity of any financial reports and other financial information provided by the Company to the public or any government body; the Company’s systems of internal controls regarding finance, accounting and applicable legal and regulatory compliance established by management and the Board; and the Company’s auditing, accounting and financial reporting process, generally. The Audit Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company’s financial reporting process and system of internal controls.
- Review and appraise the audit efforts of the Company’s independent accountants and internal audit practitioners.
- Provide an open avenue of communication among the independent accountants, financial and senior management, internal auditing practitioners, and the Board of Directors.

This Charter addresses the responsibilities for overseeing the financial reporting process and assuring the objectivity of independent audits. While the Audit Committee has the responsibilities and powers set forth in the Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent financial auditor.

MEMBERS

The Board of Directors shall at all times maintain an Audit Committee whose membership will consist of at least three non insider Board members and shall designate one member as Chairperson. This Committee shall maintain minutes of its meetings, and shall provide minutes of its meeting to the full Board of Directors.

AUTHORITY

The Audit Committee shall have all necessary and appropriate authority to perform its duties and fulfill its obligations as set forth in this Charter. As set forth under “DUTIES AND RESPONSIBILITIES”, the Audit Committee will, among other things, be directly responsible for the appointment, compensation, retention and oversight of the work of the Company’s independent financial auditors, including resolution of any disagreements between management and the independent financial auditors regarding financial reporting. The Company’s independent financial auditors will report directly to the Audit Committee.

The Audit Committee will have the authority to retain legal, accounting or other consultants to advise the Committee. The Audit Committee may request any officer or employee of the Company or the

Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Additionally, the Audit Committee shall have the authority to conduct or authorize investigations into any matters within its scope of responsibilities and shall have the authority to retain outside advisors to assist it in the conduct of any investigation.

The Audit Committee will determine, in its capacity as a committee of the Board, the appropriate funding necessary to compensate any accounting firm or other advisors to the Committee engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review, or attest services for the Company, and will work with the Board as a whole to ensure that such funds are provided and approved pursuant to the Company's responsibility to do so.

MEETINGS

The Audit Committee shall meet as often as may be necessary or appropriate in its judgment, generally four times each year, either in person or telephonically. The Audit Committee shall meet in executive session with the external auditors at least annually. The Audit Committee shall also meet in executive session with the Bank's Compliance Officer and Audit Risk Manager at least annually. The Audit Committee shall report to the full Board of Directors with respect to its meetings. The majority of the Audit Committee shall constitute a quorum.

DUTIES AND RESPONSIBILITIES

To fulfill its duties and responsibilities the Audit Committee shall:

Documents/Reports Review

- Review the annual audited financial statements with the Company's management including any issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls that could significantly affect the Company's financial statements.
- Review any management letter issued by the independent financial auditor along with management's response made in connection with the preparation of the Company's financial statements.
- Review the results of external audits, audit findings, and audit recommendations, as well as any regular reports prepared by internal audit. Consider management's response to these reports.
- Review all supervisory examination reports, including management's response to such reports.

Independent Accountants ("Auditors")

- Be directly responsible for the appointment, compensation, retention and oversight of the work of the Company's independent financial accountants (including resolution of disagreements between management and the independent auditors regarding financial reporting). The Company's independent financial auditors will report directly to the Audit Committee.
- Authorize all auditing services and permissible non-audit services to be provided to the Company by the Company's independent auditors through the approval of an engagement letter. A description of non-audit services is set forth in Exhibit B.

- On an annual basis, the Committee will review and discuss with the independent auditors all significant relationships the accountants have with the Company to ascertain the accountant's independence.
- Review and approve the fees to be paid to the Company's independent auditors.
- Periodically, without management present, consult with the independent accountants regarding the Company's internal controls and preparation of the financial statements.

Internal Audit

- The Audit Committee will consider and approve the annual internal audit plan and revisions as developed by the Audit Risk Manager.
- The Audit Committee will approve all third-party engagements necessary to complete the annual internal audit plan.
- To ensure third-party independence the Audit Committee shall be consulted and approve in advance any management engagement of a third-party that is currently or previously engaged to perform Audit Committee work. The Audit Committee, in its sole discretion, will determine if the engagement of non-audit committee work would jeopardize third-party independence. In making this determination the Audit Committee may require a statement from the third-party in advance of such non-audit committee assignment detailing those processes and procedures that ensure maintaining its independence on behalf of its work for the Audit Committee.

Financial Reporting Process

- In consultation with the independent accountants and internal auditing practitioners, review the integrity of the Company's internal and external financial reporting process.
- Consider the independent accountants' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- Review major changes to the Company's auditing and accounting principles and practices as suggested by an independent financial accountants, internal auditors, or management.

Process Improvement

- Review any significant disagreement among management and the independent accountants or the internal auditing practitioners in connection with the preparation of the financial statements, internal controls or examination process.
- Review with the independent accountants, the internal auditing practitioners and management the extent to which changes or improvements in operating procedures or accounting practices, as approved by the Audit Committee, have been implemented.
- Following completion of the annual audit, review separately with each of management, the independent accountants and the internal auditing department, any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

Reporting Irregularities

- Maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding financial statement disclosures, accounting, internal controls, or auditing matters, and the confidential, anonymous submission by employees of the Company regarding the same. Such procedures are set forth in Exhibit A.

EXHIBIT A
COMPLAINT PROCEDURES

The Company shall forward to the Audit Committee of the Board of Directors (the “Committee”) any complaints that it receives regarding financial statement disclosures, accounting, internal controls, or auditing matters (“Financial Disclosure Matters”).

All Company employees are expected to promptly report any concerns regarding Financial Disclosure Matters to either their supervisor, the Human Resources Officer, Audit Risk Manager, or any of the Company’s designated Executive Officers. Any employee may also submit, on a confidential, anonymous basis (if the employee so desires), any concerns regarding Financial Disclosure Matters by setting their concern(s) in writing and mailing the complaint to the Chair of the Audit Committee. If the employee wishes to discuss the matter with the Committee, they should indicate this in the complaint and provide contact information.

The Committee shall review and consider each complaint it receives and take appropriate action in response.

**EXHIBIT B
NON-AUDIT SERVICES**

PROHIBITED NON-AUDIT SERVICES

As a best practice the following non-audit services may not be performed for the Company by any accounting firm (or any affiliated person of such accounting firm) that performs any audit for the Company.

- Management functions or human resources;
- Financial information systems design and implementation;
- Internal auditing outsourcing services;
- Bookkeeping or other services related to the accounting records or financial statements of the Company;
- Actuarial services;
- Appraisal or valuation services, fairness opinions, or contributed-in-kind reports;
- Broker or dealer, investment advisor, or investment banking services;
- Legal services and expert services unrelated to the audit, and

These prohibitions shall apply unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during an audit of the Company's financial statements.

Non-audit services, including tax services that are not described in the list above may be provided by the Company's independent auditors.