

PARKE BANK

AUDIT COMMITTEE CHARTER

Committee Responsibilities

The Audit Committee of the Board of Directors of Parke Bank (the "Bank") shall be a standing committee and is responsible for overseeing the accounting and financial reporting processes of the Bank and the audits of the financial statements of the Bank. The Committee's responsibilities include supervision of the internal and external auditors and monitoring of management and staff compliance with the Bank's audit policies and with applicable laws and regulations. The independent auditors shall report directly to the Audit Committee.

The Committee is granted the authority to investigate any activity of the Bank and it is empowered with:

- sole authority to appoint, determine the funding for the outside auditors in accordance with Section 10A(m)(2) of the Securities Exchange Act of 1934; and
- the authority to engage and determine funding for independent counsel and other advisors as set forth in Section 10A(m)(5) of the Securities Exchange Act of 1934.

The Committee shall:

- Be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Bank.
- Receive on an annual basis a written statement from the independent auditors detailing all relationships between the independent auditors and the Bank consistent with requirements of the Independence Standards Board Standard 1, as may be modified or supplemented. The Committee shall actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact objectivity and independence of the independent auditors, and take, or recommend that the full Board take, appropriate action to oversee the independence of the independent auditors.
- Discuss with the independent auditors SAS 61 matters, as may
- Review with the independent auditors (1) the proposed scope of their examination with emphasis on accounting and financial areas where the Committee, the independent auditors or management believe special attention should be directed, (2) results of their audit, (3) their evaluation of the adequacy of the system of internal controls and (4) cooperation received from management in the conduct of the audit.

- Prior to the filing of audited financial statements with the Federal Deposit Insurance Corporation, obtain a report from the independent auditors of:
 - (1) all critical accounting policies and practices to be used;
 - (2) all alternative treatments within generally accepted accounting principles and practices related to material items that have been discussed with management, including:
 - (a) ramifications of the use of such alternative disclosures and treatments; and
 - (b) the treatment preferred by the auditor; and
 - (3) other material written communications between the auditor and the management, such as any management letters or schedule of unadjusted differences.
- Make a recommendation to the Board as to whether the financial statements should be included in the Bank's Annual Report on Form 10-KSB.
- Approve the report of Audit Committee to be included in the Bank's Proxy Statement for its Annual Meeting of Shareholders.
- Review interim results with the Bank's financial officer and the independent auditors prior to the public announcement of financial results and the filing of a Quarterly Report on Form 10-QSB by the Bank.
- Establish and maintain procedures for (1) the receipt, retention and treatment of complaints received by the Bank regarding accounting, internal accounting controls or auditing matters and (2) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Review significant accounting, reporting, regulatory or industry developments affecting the Bank.
- Discuss with management and the independent auditors, any issues regarding significant risks or exposures and assess the steps management has taken to minimize such risk.
- Discuss with the Disclosure Committee, the internal auditors and the independent auditors the quality and adequacy of and compliance with the Bank's internal controls.
- Discuss with the Disclosure Committee and/or the Bank's counsel any legal matters (including the status of pending litigation) that may have a material impact on the Bank's financial statements, and any material reports or inquiries from regulatory or governmental agencies.
- Perform such other functions as assigned by law, the Bank's bylaws or as the Board deems necessary and appropriate.

The Audit Committee shall pre-approve all audit services and permissible non-audit services to be rendered by the independent auditors in accordance with Section

10A(i) of the Securities Exchange Act of 1934, as amended. The Audit Committee may establish written policies and procedures for the pre-approval of audit and non-audit services to be performed by the outside auditor provided that these policies and procedures are detailed as to the particular service and do not result in the delegation of the Audit Committee's responsibilities to management. The Audit Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve audit or non-audit services to be performed by the outside auditor provided that any such approvals are presented to the full Committee at its next scheduled meeting.

Committee Membership

The membership of the Audit Committee shall be composed of at least three directors each of whom meets the definition of "independence" as defined by Rule 4200 of the Rules of the Nasdaq Stock Market, as may be modified or supplemented, as well as the more stringent independence requirements set forth under Rule 4350(d) of the Rules of the Nasdaq Stock Market, as may be modified or supplemented.

All members of the Committee shall be able to read and understand fundamental financial statements. At least one member of the Audit 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 Meetings

The Audit Committee shall meet at least four times per year or more frequently as circumstances require, and, at least once each year, have separate private meetings in executive sessions with the independent auditors, management and the internal auditors. The Audit Committee may request any officer or employee of the Bank or the Bank's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Meetings can be telephonically or in person.

Minutes will be recorded and reports of committee meetings will be presented at the next Board meeting.

Committee Charter Review and Approval

This Audit Committee Charter shall be reviewed, reassessed, and approved by the Board annually and shall be included in the proxy statement for the annual meeting of stockholders of the Bank at least every year.