

NetBank, Inc.
Audit Committee Charter

Organization

There shall be a committee of the Board of Directors to be known as the Audit Committee. The Audit Committee shall be composed of not less than three directors who are independent of the management of the corporation under applicable stock exchange and SEC rules and are free of any relationship that, in the opinion of the board of directors, would interfere with their exercise of independent judgment as a Committee member. Each Committee member shall also meet all applicable financial literacy requirements for serving on the Audit Committee. The Committee shall serve as the joint Audit Committee of both NetBank, Inc. (the “Company”) and NetBank, FSB (the “Bank”). The composition of the Committee will be reviewed from time to time by the Board of Directors and members may be re-appointed at the discretion of the Board.

One member of the Committee shall be appointed as chairman. The chairman shall be responsible for leadership of the Committee, including scheduling and presiding over meetings and making regular reports to the Board. The chairman will also maintain regular liaison with the Chief Executive Officer, Chief Finance Executive, Chief Risk Executive, the lead independent audit partner, and the General Auditor.

The Committee shall meet at least four times a year, or more frequently as the Committee considers necessary. At least once each year the Committee shall have separate private meetings with the independent auditors, management, and the internal auditor.

Overview

The Committee’s job is one of oversight. Management is responsible for the preparation of the Company’s consolidated financial statements and the independent auditors are responsible for auditing those financial statements. The Committee and the Board recognize that management (including the internal audit staff) and the independent auditors have more resources and time and more detailed knowledge and information regarding the Company’s accounting, auditing, internal control and financial reporting practices than the Committee does; accordingly, the Committee’s oversight role does not provide any expert or special assurance as to the financial statements and other financial information provided by the Company to its shareholders and others.

Statement of Policy

The Audit Committee’s purpose is to oversee the Company’s accounting and financial reporting processes and the audit of its financial statements. The Committee shall provide assistance to the corporate directors in fulfilling their responsibility to the shareholders, potential shareholders, and investment community relating to corporate accounting, reporting practices of the corporation, and the quality and integrity of the financial reports of the corporation. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of

communication between the directors, the independent auditors, the internal auditors, and the financial management of the corporation. The Audit Committee's performance and composition will at all times be subject to, and in compliance with: (i) Section 10A of the Securities Exchange Act of 1934 and the rules promulgated thereunder; and (ii) regulations promulgated by any stock exchange upon which the Company's securities are traded.

Responsibilities

In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the Company's accounting and reporting practices are in accordance with all requirements and are of the highest quality.

In carrying out these responsibilities, the Audit Committee will:

- Appoint and dismiss any independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company and its subsidiaries. The independent auditors shall report directly to the Audit Committee.
- Oversee and compensate the independent auditors, including reviewing the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof review such audit, including any comments or recommendations of the independent auditors.
- Review an analysis prepared by the independent auditor of all critical accounting policies and significant financial reporting issues and judgments made in connection with the Company's financial statements, including an analysis of the effect of alternative GAAP methods on the Company's financial statements and other material written communications between the independent auditors and management. The Committee is also responsible for the resolution of any disagreements between management and the independent auditors.
- Approve in advance any audit and permissible non-audit services provided by the independent auditors.
- Obtain required reports pursuant to Independent Standards Board Standard 1, actively engage in a dialogue with the independent auditors regarding disclosed relationships or services that may affect the objectivity and independence of the auditors, and take, or recommend that the Board take, appropriate action to oversee the independence of the Company auditors.
- Review with the independent auditors, the Company's internal auditor, and financial and accounting personnel, the adequacy and effectiveness of the Company's accounting and financial controls, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal

controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

- Review the internal audit function of the Company including the independence and authority of its reporting obligations, the proposed audit plans for the coming year and the coordination of such plans with the independent auditors.
- Receive, prior to each meeting, a summary of findings from completed internal audits and a progress report on the proposed internal audit plan, with explanations for any deviations from the original plan.
- Review and discuss the annual audited consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations prior to inclusion contained in the Company's Annual Report on form 10-K or in the annual report to shareholders with management and the independent auditors to determine whether the independent auditors are satisfied with the disclosure and content of the financial statements to be presented to shareholders. Any changes in accounting policies should be reviewed. The Committee will also recommend to the Board of Directors whether the audited consolidated financial statements should be included in the Company's Annual Report on Form 10-K and take all actions necessary to deliver the Audit Committee Report to be included in the Company's annual proxy statement.
- Review the financial information that will be provided by the Company to: (i) the SEC in filings with that agency and (ii) to the investing public in earnings releases.
- Review significant management reports prepared pursuant to federal banking laws and regulations prior to the filing of such reports with the appropriate banking agency. (This includes the annual financial statements, 10-K and Proxy Statements, and HUD, USAP, GNMA and FDICIA reports.)
- Provide sufficient opportunity for the internal and independent auditors to meet with the members of the Audit Committee without members of management present. Among the items to be discussed in these meetings are the independent auditors' evaluation of the Company's financial, accounting, and auditing personnel, and the cooperation that the independent auditors received during the course of the audit.
- Submit the minutes of all meetings of the Audit Committee to, or discuss the matters discussed at each Committee meeting with, the Board of Directors.
- Investigate and determine and receive funding for any matter brought to its attention within the scope of its duties, including payments for audit, review or attest services; compensation of advisors to the Committee and ordinary administrative expenses. The Committee may retain special legal, accounting or other consultants to advise the Committee if, in its judgment, that is appropriate.
- Implement a procedure for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters, with a confidential and

anonymous method for submission by Company employees of concerns regarding questionable accounting or auditing matters.