

Bank Mutual Corporation
Audit Committee Charter
(as amended and restated November 3, 2003)

The Audit Committee of the Bank Mutual Corporation Board of Directors shall have the authority, duties and responsibilities specified below. As used in this Charter, "Bank Mutual" refers to Bank Mutual Corporation, and the "Company" refers to Bank Mutual together with its direct and indirect subsidiaries.

Authority

The Audit Committee monitors the integrity of Company financial statements, overseeing its relationship with monitoring the independence of its outside auditor, and monitoring the Company's internal controls in compliance with legal and regulatory requirements. The Audit Committee is given primary responsibility to determine and establish relationships with the Company's outside auditors. It is also authorized to review the financial statements prepared by management and the annual audit of Bank Mutual, to review any other activity of the Company in connection therewith that they deem appropriate, and to take all action it deems appropriate to fulfill its responsibilities hereunder.

All Company employees are directed to cooperate as required by members of the Committee. The Committee may retain persons having special competence, such as counsel, auditors or other advisors, if and as necessary to assist the Committee in fulfilling its responsibilities and to comply with any or all provisions of law and Nasdaq Stock Market rules.

Responsibilities

The Audit Committee shall coordinate communication among directors who are not members of the Committee, the independent accountants and management as their duties relate to financial accounting, reporting and controls. The Committee shall assist the Board in fulfilling its fiduciary responsibilities as to Bank Mutual's accounting policies and reporting practices, and the sufficiency of auditing relating thereto. The Committee is to be the Board's principal agent in assuring the independence of the independent accountants, the integrity of management, and the adequacy of disclosures to shareholders. However, the independent accountants are ultimately responsible to the entire Board, and the opportunity for the independent accountants to meet with the entire Board as needed or desired, or the Board as a whole to take appropriate action, is not restricted.

In fulfilling these responsibilities, the Audit Committee shall:

1. Engage (subject, if appropriate, to shareholder ratification) the Company's independent auditors, including oversight and final decisions to hire, retain or terminate relationships with outside auditors and determining their compensation.
2. Approve in advance all audit services and nonaudit services (to the extent permissible under law and Nasdaq regulations) conducted by the outside auditors.

3. Review the scope and general extent of the independent accountants' audit examination, including their engagement letter. The Committee's review should entail an understanding from the independent accountants of the factors considered in determining the audit scope.
4. Consider, review and confirm the independence of the independent accountants, including any written disclosures required from them and the scope and extent of permissible nonaudit services which may be provided by the independent accountants in relation to the objectivity needed from them in the audit.
5. Review and approve, subject to such criteria as the Audit Committee may determine, fees payable to the outside auditor for both auditing services and other services being provided by that firm.
6. Confirm that management and the independent accountants are aware that the accountants and the Committee may communicate with each other at any time.
7. Review with management and independent accountants the Company's general policies and procedures, both for financial and regulatory purposes, to reasonably assure the adequacy of the Company's internal accounting and financial reporting controls.
8. Have familiarity with the accounting and reporting principles and practices which are applied by Bank Mutual in preparing its financial statements and its subsidiaries' regulatory reports, as well as its established standards of corporate conduct and performance, and deviations therefrom.
9. Review the scope of authority of the Company's internal audit staff, and review the staff's performance of internal audit duties.
10. Review with management and the independent accountants, upon completion of their audit, the financial results for the year.
11. Provide any reports or summaries which may be required for the annual report to shareholders and/or Form 10-K, and review (either together as a committee or by individual members) proposed Company quarterly and annual disclosures.
12. Evaluate the cooperation received by the independent accountants during their audit examination, including their access to all requested records, data and information. Inquire of the independent accountants whether there have been any disagreements with management which if not satisfactorily resolved would have caused them to issue a nonstandard report on the financial statements.
13. Discuss with the independent accountants the quality of the Company's financial and accounting personnel, and any relevant recommendations which the independent accountants may have, including those in their "letter of comments and recommendations."

14. Review the written responses of Bank Mutual's management to the independent accountants' comment letter.
15. Discuss with management the scope and quality of internal accounting and financial reporting controls in effect. Also, obtain management comments on the responsiveness of the independent accountants to Bank Mutual's needs.
16. Assure that there are established procedures for compliance regarding accounting, internal accounting controls, auditing or disclosure matters, including the maintenance of a method for persons to bring matters to the attention of the Committee, on an anonymous basis if desired, and steps to assure that there will not be retribution against persons for truthful reporting to the Committee.
17. Conduct an appropriate review of related party transactions with Bank Mutual on an ongoing basis and review potential conflict of interest situations or questions where appropriate.
18. Review periodically, in accordance with SEC and NASDAQ requirements, and recommend to the Board of Directors any appropriate extensions or changes in the duties of the Committee and/or changes to this Charter.
19. Update the Board of Directors, through minutes and presentations as may be necessary or appropriate, of significant developments in the course of performing the above duties.

It is not the intention of this Charter that the Committee have the duty to plan or conduct audits or to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Those matters are the responsibility of management and the independent auditors. It is also not the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations.

Administrative Matters

Membership

The Audit Committee shall consist of three or more directors. The Committee members shall meet the independence and experience requirements of law and the Nasdaq Stock Market. The Committee shall determine whether additional standards for membership, so as to assure adequate independence and experience on the Committee, shall be established.

One of the members shall be appointed as the Committee's Chairman by the Committee members. The Committee may authorize the Chairman to act on behalf of the Committee between meetings in appropriate circumstances, but shall not delegate to the chairman any duties which are required by law or Nasdaq regulations to be performed by the Committee as a whole.

The Audit Committee shall regularly evaluate the experience and performance of its members. The Committee also shall assist the board of directors in its determinations as to the

independence of the members of the Board of Directors and as to special expertise members of the Board or Committee which may be required and/or required to be disclosed by Bank Mutual.

Meetings

The Audit Committee is to meet at least twice per year, and as many other times as that Committee deems necessary. At least one meeting shall occur shortly after the completion of the audit process to provide Bank Mutual's independent auditors the opportunity to meet with the Committee and review the audit process and results. The Chairman may call a meeting at any time he or she believes is necessary or appropriate.

Attendance

At least a majority of the members of the Audit Committee are to be present at all meetings. As necessary or desirable, the Chairman may request that members of management and/or representatives of the independent accountants be present at meetings.

Minutes

The Committee shall arrange for the preparation of minutes of each meeting, and make them available to be sent to all Committee members and directors who are not members of the Committee. If Bank Mutual's corporate Secretary has not taken the minutes, they should be sent to him or her for inclusion in the minute books.