

FIRST CHARTER CORPORATION
Audit Committee Charter

As approved for amendment by the First Charter Corporation Board of Directors on November 17, 2004.

I. Purpose

The Audit Committee is appointed by the Board of Directors (the “Board”) of First Charter Corporation (the “Corporation”) to oversee the accounting and financial reporting processes of the Corporation and the audits of the financial statements of the Corporation. The Audit Committee’s general duties and responsibilities are to:

- Monitor the integrity of the financial statements of the Corporation;
- Monitor compliance by the Corporation with legal and regulatory requirements;
- Appraise the financial reporting process, the audit process, the accounting function and internal controls and procedures;
- Monitor the independence and performance of the Corporation’s internal and external auditors, consumer compliance personnel, and internal credit review personnel; and
- Provide an avenue of communication among the independent auditors, management, the internal auditing department, consumer compliance department, internal credit review department, and the Board.

II. Composition

Membership of the Audit Committee shall consist of not less than three independent directors as determined by the Board. The members of the Audit Committee shall meet the independence, financial literacy, and experience requirements of the Securities and Exchange Commission (the “SEC”) and of The Nasdaq Stock Market, Inc. (“NASDAQ”), which are in effect from time to time, as determined by the Board. At least one member of the Audit Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background, which results in the individual’s financial sophistication.

The members of the Audit Committee shall be appointed by the Board after due consideration and recommendation by the Governance and Nominating Committee. The Board shall designate one member of the Audit Committee as its Chair. Members of the Audit Committee shall serve at the pleasure of the Board or until successors are appointed.

The Chair of the Audit Committee shall appoint a member of the internal audit staff to act as Secretary to the Audit Committee and may appoint an Assistant Secretary.

III. Meetings

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee should meet separately at least annually or more frequently as necessary with management, the director of the internal auditing department and the independent auditors to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee, or at least its Chair, should communicate, as necessary, with management and/or the independent auditor quarterly to review the Corporation's financial statements and significant findings based upon the independent auditor's limited review procedures.

IV. Responsibilities and Duties

To carry out its purposes, the Audit Committee shall have the following duties and powers:

1. With respect to the independent auditors,
 - a. To annually retain, evaluate and, if appropriate, terminate and replace the Corporation's independent auditors. The Audit Committee, in its capacity as a committee of the Board, shall be directly responsible for the appointment, compensation and oversight of the work of the independent auditors. The Audit Committee shall approve in advance the engagement of the independent auditors, including audit engagement fees and the overall terms of services to be provided. By approving the audit engagement, an audit service within the scope of the engagement shall be deemed to have been pre-approved;
 - b. To pre-approve, or to adopt appropriate procedures to pre-approve, all permitted non-audit services to be provided by the independent auditor;
 - c. To ensure that the independent auditors prepare and deliver annually an Auditor's Statement, consistent with Independence Standards Board Standard No. 1, delineating all relationships between the auditor and the Corporation (it being understood that the independent auditors are responsible for the accuracy and completeness of this Statement), and to discuss with the independent auditors any relationships or services disclosed in this Statement that may impact the quality of audit services or the objectivity and independence of the Corporation's independent auditors;
 - d. To obtain from the independent auditors in connection with any audit a timely report relating to the Corporation's annual audited financial statements describing all critical accounting policies and practices used, 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 auditors, and any material written communications between the independent auditors and management;

- e. To instruct the independent auditors that the independent auditors are ultimately accountable to the Board and the Audit Committee, as representatives of the shareholders; and
 - f. To discuss with management and oversee the timing and process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit engagement team partner.
2. With respect to the internal auditing department,
- a. To review and approve the appointment and replacement of the chief internal audit officer (the “Chief Auditor”);
 - b. To review the performance of the Chief Auditor on an annual basis and report the results of such review to the Compensation Committee of the Board for action in accordance with the Corporation’s salary administration program;
 - c. To review and approve the internal audit plan, subsequent changes therein, and key audit and business risk considerations, and review and approve the results of the internal audit plan on not less than an annual basis; and
 - d. To review the significant reports to management prepared by the internal auditors together with management’s responses and follow-up to these reports.
3. With respect to the consumer compliance department,
- a. To review and approve the appointment and replacement of the compliance officer;
 - b. To review the performance of the Compliance Officer on an annual basis and report the results of such review to the Compensation Committee of the Board for action in accordance with the Corporation’s salary administration program;
 - c. To review and approve the consumer compliance plan, subsequent changes therein, and key compliance and business risk considerations, and review and approve the results of the consumer compliance plan on not less than an annual basis; and
 - d. To review the significant reports to management prepared by the consumer compliance personnel together with management’s responses and follow-up to these reports.
4. With respect to the internal credit review department,
- a. To review and approve the appointment and replacement of the internal credit review officer;

- b. To review the performance of the Internal Credit Review Officer on an annual basis and report the results of such review to the Compensation Committee of the Board for action in accordance with the Corporation's salary administration program;
 - c. To review and approve the internal credit review plan, subsequent changes therein, and key credit and business risk considerations, and review and approve the results of the internal credit review plan on not less than an annual basis; and
 - d. To review the significant reports to management prepared by the internal credit reviewers together with management's responses and follow-up to these reports.
5. With respect to financial reporting principles and policies and internal audit controls and procedures,
- a. To advise management, the internal auditing department and the independent auditors that they are expected to provide to the Audit Committee a timely analysis of significant financial reporting issues and practices;
 - b. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit. Review with the independent auditor any problems or difficulties the auditor may have encountered, including any disagreements with management, and any management letter provided by the auditor and the Corporation's response to that letter, including the status of previous recommendations;
 - c. To meet with management, the independent auditors and, if appropriate, the Chief Auditor:
 - i. to review and discuss the annual audited financial statements and quarterly financial statements, including major issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls that could significantly affect the Corporation's financial statements;
 - ii. to discuss significant financial reporting issues and judgments identified by management or the independent auditors and made in connection with the preparation of the Corporation's financial statements;
 - iii. to discuss major issues identified by management or the independent auditors regarding the Corporation's accounting principles and practices, including critical accounting policies, and major changes in auditing and accounting principles and practices suggested by the independent auditor, internal audit department or management;
 - iv. to inquire of the Corporation's Chief Executive Officer and Chief Financial Officer as to the existence of any significant deficiencies and

material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Corporation's ability to record, process, summarize and report financial information, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal control over financial reporting; and

- v. review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements;
- d. To meet periodically with management to review the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures;
- e. To review and approve all related party transactions of the Corporation;
- f. To review periodically management's programs regarding adherence to the Code of Business Conduct and Ethics. The Committee shall receive reports of violations of, and review and either approve or disapprove any request for waiver of, such policy by any director, executive officer or principal accounting officer.
- g. To review with the Corporation's outside counsel or other appropriate Corporation personnel any legal matters and other similar loss contingencies that may have a material impact on the Corporation's financial statements, the Corporation's compliance policies and any examination reports or inquiries received from regulators or governmental agencies and to approve any response thereto;
- h. To discuss generally, from time to time, the presentation and types of information included in the earnings press releases, and, if applicable, financial information and earnings guidance provided to analysts and rating agencies;
- i. To establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by Corporation employees of concerns regarding questionable accounting or auditing matters; and
- j. To establish hiring policies for employees or former employees of the independent auditors.

6. With respect to reporting and recommendations,
 - a. To prepare any report or other disclosures, including any recommendation of the Audit Committee, required by the rules of the SEC to be included in the Corporation's annual Proxy Statement;
 - b. To review and reassess the adequacy of this Charter at least annually and recommend any changes to the full Board of Directors; and
 - c. To report its actions and recommendations to the Board at the next regularly scheduled Board meeting following each such meeting of the Committee.
7. To perform other oversight functions as requested by the Board of Directors and as permitted or required by law, regulations and the NASDAQ from time to time.

V. Delegation

To the extent permitted by law, regulations and the NASDAQ listing standards, the Audit Committee may delegate any of its responsibilities to the Chair or to a subcommittee as it deems appropriate. In the case of such delegation, the Chair or subcommittee, as applicable, shall make regular reports to the Audit Committee regarding such delegated responsibilities.

VI. Resources and Authority of the Audit Committee

The Audit Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special or independent counsel, accountants or other experts and advisors, as it deems necessary or appropriate, without seeking approval of the Board or management.