

**CITIZENS FIRST BANCORP, INC.**  
**AMENDED AND RESTATED AUDIT COMMITTEE CHARTER**

**I. Mission Statement**

- A. The purpose of the Audit Committee (the "Committee" or the "Audit Committee") of the Board of Directors of Citizens First Bancorp, Inc. (the "Company") is to oversee the Company's accounting and financial reporting processes and the audits of the Company's financial statements. That role includes (i) maintaining a strong, positive working relationship with management, internal and external auditors, counsel, and other Committee advisors, (ii) serving as a critical check and balance on reporting systems, and (iii) providing a forum separate from management in which auditors and other interested parties can candidly discuss concerns.
- B. In addition to the Company, the Committee is the audit committee for the Company's affiliated savings banks and has the responsibility, fiduciary duty and authority to oversee the management, financial statements and audit functions of all of the Company's affiliate savings banks. In that capacity, the Committee will perform the statutory and regulatory compliance review functions applicable to savings banks; and receive official reports of management and the internal and external auditors regarding financial reporting, internal controls and other matters as discussed herein of the Company's affiliated savings banks as well as the Company.

**II. Organization**

- A. Audit Committee Composition.
1. Number and Appointments. The Committee will consist of at least three members, all of whom will be members of the Board of Directors of the Company. The Board of Directors of the Company will designate annually the members of the Audit Committee and the Chair of the Audit Committee, all of whom will serve at the pleasure of the Board of Directors of the Company.
  2. Independence Requirement. Each Committee member will be "independent" under the requirements of all applicable laws, which currently include laws, rules, and regulations under the Securities Exchange Act of 1934, as amended (the "Act"), the rules and regulations of the Securities and Exchange Commission (the "Commission"), and the rules, regulations, guidelines,

requirements, and standards of NASDAQ. Under these rules, a Committee member cannot have a relationship, which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Committee member.

3. Required Knowledge and Ability. Each Committee member must have, at the time of appointment: (a) knowledge of the primary industries in which the Company operates; (b) the ability to read, understand, and interpret financial statements, including balance sheets, income statements, statements of cash flows, and key performance indicators; and (c) such other financial knowledge and ability as required by applicable laws. In addition, at least one member of the audit committee will have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background which results in the member's financial sophistication.
  4. Limited Exception to Independence Requirement. One director who is not independent under all of the requirements of NASDAQ, but who meets specified, more limited independence requirements, may be appointed to the Audit Committee, if the Company's Board of Directors, under exceptional and limited circumstances, determines that membership on the Committee by the individual is required by the best interests of the Company and its stockholders. In order to qualify for this exception, the Board must cause the Company to disclose, in the Company's next annual proxy statement subsequent to such determination, the nature of the relationship and the reasons for that determination. An Audit Committee member appointed under this exception cannot serve longer than two years and cannot chair the Audit Committee.
- B. Meetings. The Audit Committee will meet at least quarterly. Additional meetings will be scheduled as considered necessary by the Audit Committee or the Audit Committee Chair. A quorum of the Audit Committee will be declared when a majority of the appointed members of the Audit Committee are in attendance.
- C. External Resources. The Audit Committee will be authorized to access internal and external resources, as the Audit Committee requires, to carry out its responsibilities.
- D. Committee Compensation. The Audit Committee members will not accept, directly or indirectly, from the Company or any affiliate of the Company, any compensatory fee, other than payment for service on the Board of Directors of the Company or service on any committee of the

Board. Indirect acceptance includes acceptance of such a fee by a spouse, a minor child, a stepchild, or a child or stepchild sharing a home with the Audit Committee member or by an entity in which the Audit Committee member is a partner, member, or principal or occupies a similar position and which provides accounting, consulting, legal, investment banking, financial, or other advisory services or any similar services to the Company.

### **III. Roles and Responsibilities**

A. General Responsibilities. In carrying out the Audit Committee's mission described in Section I of this Charter, the Audit Committee will have the following responsibilities:

1. Review of Financial Information for SEC Filings and Press Releases. The Audit Committee will regularly review and discuss, as applicable, the audited annual financial statements of the Company, quarterly financial statements and information of the Company, and related financial and disclosure information, including disclosures made in "management's discussion and analysis," with management and the Company's internal and external auditors prior to the Company's required annual or quarterly filings with the Commission or release of information to the public.

(a) Annual Financial Statements. The Audit Committee's review of the Company's annual financial statements will include the following, in addition to the other items to be reviewed under this Charter or applicable laws:

- (i) A review of the overall scope and focus of the annual audit;
- (ii) A determination of whether the financial statements are consistent with the information known to Audit Committee members;
- (iii) A review of key financial statement issues and risks;
- (iv) A review of accounting standards utilized and their impact or potential effect on reported financial information; and

- (v) The processes used by management to address these matters, the related auditor views, and the basis for audit conclusions.
  - (b) Interim Financial Statements. The Audit Committee should be briefed on the processes used by management in producing its interim financial statements and review and discuss with management any questions or issues concerning the statements. The Audit Committee will ensure that management requires that the external auditors review the financial information included in the Company's interim financial statements before the Company files its quarterly reports with the Commission or releases interim financial information to the public.
  - (c) Earnings Press Releases/Guidance to Analysts. The Audit Committee will discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-generally accepted accounting principles information, as well as financial information and earnings guidance provided to analysts and other similar persons. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
2. Annual Plan. The Audit Committee, with input from management and other key Audit Committee advisors, will develop an annual plan, which will include an agenda and procedures for the review of the Company's quarterly financial data, its year end audit, the procedures and results of its internal audit, and the review of the independence of its external auditors.
  3. Contact with Management and Others. To the extent appropriate, the Audit Committee Chair and others on the Committee will have contact throughout the year with senior management, the Board of Directors of the Company, external and internal auditors, and legal counsel, as applicable, to strengthen the Audit Committee's knowledge of relevant current and prospective business issues, risks, and exposures. This contact will include requests by the Audit Committee that members of management, counsel, and the internal and external auditors, as applicable, participate in Audit Committee meetings, as necessary, to carry out the Audit Committee's responsibilities.

4. Review of Accounting and Reporting Issues. The Audit Committee will review significant accounting and reporting issues, including recent professional and regulatory pronouncements and understand their impact on the Company's business, results of operations, and financial statements.
  5. Review of Potential Deficiencies and Weaknesses. The Audit Committee will review disclosures made to the Audit Committee about any significant deficiencies in the design or operation of internal controls or material weaknesses in the internal controls and any fraud involving management or other employees who have a significant role in the Company's internal controls.
  6. Reports to Full Board of Directors. The Audit Committee will report periodically, as deemed necessary, but at least semi-annually, to the full Board of Directors of the Company. Any important issues on interim financial statements, as well as any important conclusions reached by the Audit Committee concerning the year-end audit work, will be discussed by the Audit Committee and reported to the full Board of Directors (if deemed appropriate in the discretion of the Audit Committee) well in advance of the public release of the Company's interim and annual financial statements. As indicated below, the Audit Committee will review certain significant issues with the full Board of Directors. As part of such reviews and reports, the Audit Committee will communicate to the full Board of Directors of the Company regarding its decisions with respect to compensation to be paid to the external auditors and retention of the external auditors for each upcoming fiscal year. Such reviews and reports may be made by the Audit Committee through the Audit Committee Chair.
- B. Review of the Internal Audit. The Audit Committee will have the following responsibilities, with regard to the Company's internal audit functions.
1. Overall Responsibility. The Audit Committee will initiate and execute all internal audit functions. The Audit Committee will review, periodically and continuously, the internal audit processes and results.
  2. Review of Internal Audit Plan. The Audit Committee will review and assess the annual internal audit plan, including the activities and organizational structure of the internal audit function.

3. Meetings with Internal Auditors. The Audit Committee will meet with the internal auditors, at least annually, to review the status of the internal audit activities, any significant findings and recommendations by the internal auditors, and management's response to those findings and recommendations. The Audit Committee will meet at least annually with management, the internal auditors, and the external auditors in separate executive sessions to discuss any matters that the Audit Committee or management, the internal auditors, or the external auditors believe should be discussed privately.
4. Review of Significant Issues Identified by Internal Auditors. If the internal auditors identify significant issues relative to the overall Board responsibility that have been communicated to management but, in the judgment of the external auditors, have not been adequately addressed, they will communicate these issues to the Audit Committee and the Audit Committee will inform the full Board of Directors of the Company, if, after its consideration, the Audit Committee concurs with the judgment of the internal auditors.

C. The External Auditors and the External Audit.

1. Responsibility for Oversight of External Auditors. The external auditors will report to the full Audit Committee. The Audit Committee will have the sole authority to appoint, determine compensation and funding for, retain and terminate, and oversee the external (or "outside") auditors engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review, or attest services for the Company, in the manner set forth, and as required by, applicable laws. The Audit Committee's responsibility will include resolution of disagreements between management and the internal and external auditors regarding financial reporting. As contemplated below, the Audit Committee, through periodic review, will determine the continuing independence of the external auditors.
2. Advance Approval of Audit and Non-Audit Services. The Audit Committee will pre-approve all audit and non-audit services to be performed by the external auditors. The Audit Committee's approval must be in the manner set forth, and as required by, applicable laws. Any such approval will be promptly disclosed to the Board of Directors of the Company and executive management.

3. Meetings and Discussions with External Auditors. The Audit Committee will regularly meet with the external auditors to review and discuss reports from the external auditors on all relevant issues to the Audit Committee including those issues required by applicable laws. The Audit Committee should also discuss with the external auditors the nature, scope, and rigor of the audit processes. The Audit Committee will meet at least annually with management, the internal auditors, and the external auditors in separate executive sessions to discuss any matters that the Audit Committee or management, the internal auditors, or the external auditors believe should be discussed privately.
4. Review of Recommendations of External Auditors. The Audit Committee will review any important recommendations of the external auditors on financial reporting, controls, and other matters, and management's response to those recommendations.
5. Review of Significant Issues Identified by External Auditors. If the external auditors identify significant issues relative to the overall Board responsibility that have been communicated to management but, in the judgment of the external auditors, have not been adequately addressed, they will communicate these issues to the Audit Committee, and the Audit Committee will inform the full Board of Directors of the Company, if, after its consideration, the Audit Committee concurs with the judgment of the external auditors.
6. Access of External Auditors to Audit Committee. The Audit Committee will ensure that the external auditors have full access to the Audit Committee (and the Board, if determined appropriate by the Audit Committee) to report on any and all appropriate matters.
7. Review of Performance and Independence of External Auditors. The Audit Committee will review annually (or, more frequently, if the Audit Committee deems necessary or appropriately) the performance, including effectiveness, objectivity, and independence, of the external auditors. The Audit Committee will determine the continuing independence of the external auditor by reference to applicable laws. The Audit Committee will ensure receipt of a formal written statement from the external auditors regarding auditor independence consistent with standards set by the Independence Standards Board. Additionally, the Audit Committee will discuss with the external auditors any relationships or services that may affect auditor objectivity or independence. If the Audit Committee is not satisfied with the external auditors'

assurances of independence, it will take appropriate action to ensure the independence of the external auditors.

D. Reporting to Stockholders.

1. Review of All Major Financial Reports. The Audit Committee will review all major financial reports in advance of filing or distribution, including the Company's Annual Report to stockholders.
2. Audit Committee Report in Proxy Statement.
  - (a) Manner and Procedures for Inclusion. The Audit Committee will annually provide a written report of its activities and findings, a copy of which will be included within the Company's proxy statement for the Annual Meeting of the Company's stockholders. The report will appear over the names of the members of the Audit Committee. The report will be furnished to and approved by the full Board of Directors of the Company prior to its inclusion in the Company's proxy statement.
  - (b) Subject Matter of Report. The report will state whether the Audit Committee:
    - (i) has reviewed and discussed the audited financial statements with management;
    - (ii) has discussed with the independent auditors the matters to be discussed by Statement of Auditing Standards No. 61;
    - (iii) has received the written disclosures and the letter from the independent auditors regarding the independence required by Independence Standards Board Standard No. 1;
    - (iv) has discussed with the auditors their independence; and
    - (v) based on the review and discussion of the audited financial statements with management and the independent auditors, has recommended to the Board of Directors of the Company that the audited financial statements be included in the Company's Annual Report on Form 10-K.



3. Disclosure of Applicability of Audit Committee Charter. The Company will disclose that the Audit Committee is governed by this written Charter, a copy of which has been approved by the full Board of Directors of the Company. The disclosure will be made by including this Charter on the Company's website and by disclosing in the Company's Annual Report that this Charter is available on the Company's website and that it is also available in print to any stockholder who requests it. A copy of this Charter will be filed as an appendix to the Company's proxy statement relating to its annual meeting of the Company's stockholders at least once every three years.
  4. Disclosure of Independence of Audit Committee. The Company will also disclose in its proxy statement the independence of the Audit Committee. To the extent that the Board of Directors appoints a non-independent director to the Audit Committee pursuant to Section II above, the Company will disclose the nature of the relationship of the non-independent director and the reasons for appointing the non-independent director to the Audit Committee in the first proxy statement after the non-independent director's appointment.
  5. Disclosure of Pre-Approval Policies. The Audit Committee is responsible for ensuring that any pre-approval policies and procedures that have been adopted by the Audit Committee are disclosed in annual reports and proxy statements.
  6. Disclosure of Auditor Fees. The Audit Committee should report the following information to the Company so that proper disclosure can be made in the Company's proxy statements and annual reports: the fees paid to auditors during the last two fiscal years, including (a) audit fees, (b) audit related fees (and the nature of the services comprising such fees), (c) tax fees (and the nature of the services comprising such fees), and (d) all other fees (and the nature of the services comprising such fees). The Audit Committee should also report to the Company the percentage of services in each category (except audit fees) that was pre-approved by the Audit Committee pursuant to the "de minimis" exception for pre-approval.
- E. Audit Committee Charter. The Audit Committee will be responsible for the contents of this Charter. The Audit Committee will review this Charter annually (or more frequently, if the Audit Committee determines necessary or appropriate), assess its adequacy and propose appropriate amendments to the full Board of Directors. The Board of Directors of the

Company has approved this Charter and will approve any amendments to this Charter.

- F. Regulatory Examinations. The Audit Committee will review the results of examinations by regulatory authorities and management's response to these examinations.
- G. Independent Counsel/Other Advisors. The Audit Committee will have the authority to engage, and determine funding for, independent counsel and other advisors, as it deems necessary to carry out its duties, including its duties under this Charter and under any laws, rules, regulations, and guidelines from time to time applicable to the Company.
- H. Complaints to the Company. The Audit Committee will establish and maintain procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and for ensuring that complaints regarding such matters made by employees of the Company are treated confidentially and anonymously, in the manner provided by applicable laws.
- I. Review of Disclosure Controls and Procedures. The Audit Committee will review with the Company's Chief Executive Officer, Chief Financial Officer, and legal counsel the Company's disclosure controls and procedures and will review periodically, but in no event less frequently than quarterly, management's conclusions about the efficacy of such disclosure controls and procedures, including any significant deficiencies in, or material noncompliance with, such controls and procedures.
- J. Review of Certain Transactions with Directors and Related Parties. The Audit Committee will review periodically, but no less frequently than annually, a summary of the Company's transactions with directors and officers of the Company and with firms that employ directors, as well as any other material related party transactions.
- K. Compliance with Code of Business Conduct and Ethics and Grants of Waivers. The Audit Committee will review annually a summary of compliance with the Company's Code of Business Conduct and Ethics. The Committee will be responsible for determining whether and on what terms to grant to any director or executive officer a waiver from the Company's Code of Business Conduct and Ethics.

#### **IV. Audit Committee Self Assessment and Education**

The Audit Committee will periodically review, discuss, and assess its own performance, as well as the Audit Committee's role and responsibilities, seeking input from senior management, the full Board of Directors of the Company, external and internal auditors, legal advisors, and others.

#### **V. Limitation on Scope**

1. Limitation on Responsibilities. Although the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management, the internal auditors, and the external auditors.
2. Other Limitations. The Audit Committee members will serve on the Audit Committee subject to the understanding on their part and on the part of the Company's management, internal auditors, and external auditors that:
  - (a) The Audit Committee members are not employees or officers of the Company and are not directly involved in the Company's daily operations, and they do not serve as members of the Audit Committee on a full-time basis.
  - (b) The Audit Committee depend on the Company's management, internal auditors, and external auditors to provide the Audit Committee with accurate information on a timely basis, so that the Audit Committee can discharge its duties properly.
  - (c) To the extent permitted by law, the Audit Committee will be entitled to rely on the information and opinions of the persons and entities noted in this Charter in carrying out its responsibilities.
3. Indemnification and Limitation on Personal Liability. The Audit Committee members, in agreeing to serve on the Audit Committee, do so in reliance on, among other things, the provisions of the Company's Amended and Restated Certificate of Incorporation which provide indemnification for their benefit, and provide that, to the fullest extent provided by law, no director will be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director or Committee member.

## **VI. Certain Rules of Interpretation**

- A. Company. As used in this Charter, all references to the "Company" will include the Company and any other entities with which the Company prepares, or is required to prepare, consolidated financial statements.
- B. Applicable Laws. As used in this Charter, all references to "applicable laws" or "laws" will include all laws, rules, regulations, and guidelines from time to time applicable to the Company, its Board, or its Audit Committee, as applicable, including any of the foregoing under the Act or of the Commission or the NASDAQ.
- C. This Charter. As used herein, "this Charter" means this Amended and Restated Audit Committee Charter.
- D. Headings. The headings in this Charter are inserted for convenience of reference only and are not intended to be part, or to affect the meaning or interpretation, of this Charter.

Adopted January 17, 2001

Amended February 27, 2003

Amended and Restated April 21, 2003

Amended and Restated April, 2004

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