

**AUDIT COMMITTEE CHARTER**  
**FIRST MANITOWOC BANCORP, INC.**  
**FIRST NATIONAL BANK IN MANITOWOC**

The Board of Directors of the Holding Company shall, at its organizational meeting held immediately following the Annual Meeting of Shareholders, elect an Audit committee consisting of three or more members of the Board, none of whom are operating officers of the Holding Company. In addition, the adequacy of the audit committee's charter shall be reviewed and reassessed at that time.

The Board of Directors of the Bank shall, at its organizational meeting held immediately following the Annual Meeting of Shareholders, elect an Audit committee consisting of three or more members of the Board, none of whom may be operating officers of the Bank. It is assumed that members of the Bank's Audit committee will be the same as the members of the Holding Company Audit committee. Members of the Audit committee cannot simultaneously serve on the Financial Services committee.

The Audit committee shall appoint a Chairman, who shall be a member of such committee, and a secretary, who need not be a member of such committee.

The committee shall meet at the call of its Chairman or at the request of two of its members, at least semiannually.

- The Audit committee shall, at least annually, ensure that the financial statements of the Holding Company and Bank are audited by an independent public accountant.
- The independent public accountant is ultimately accountable to the Board of Directors and the Audit committee as representatives of shareholders.
- As shareholder representatives, the Board of Directors and Audit committee have the ultimate authority and responsibility to select, evaluate, and, where appropriate, replace the independent public accountant.
- The Audit committee is responsible for ensuring its receipt from the independent public accountant of a formal written statement delineating all relationships between the independent public accountant and the Holding Company and the Bank.
- The Audit committee is also responsible for engaging in a dialogue with the independent public accountant with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent public accountant and for taking appropriate action to ensure the independence of the independent public accountant.
- The independent public accountant is to discuss with the Audit committee the independent public accountant's judgments about the quality of the Holding Company's and Bank's accounting policies and adequacy of internal controls as applied in its financial reporting. A written report of the independent public accountant's report shall be reviewed by the committee and presented to the entire Board as soon as practical after its review. The independent public accountant's report shall be made part of the committee's record, along with actions taken on recommendations made by the independent public accountant.
- The Audit committee shall examine all reports of examination made by the examining staff of any governmental regulatory agencies. The results of each such examination shall be reported in writing, to the Board of Directors, at its regular meeting next following the completion thereof, and the committee shall recommend any action which may be necessary to correct any unsatisfactory conditions. Such reports shall be noted in the minutes of the Board of Directors and made a part of the records of the Holding Company and Bank.