

**MBT Financial Corp.
Monroe Bank & Trust
Board of Directors'
Audit Policy and Audit Committee Charter**

STATEMENT OF POLICY

The audit committee shall provide assistance to the board of directors in fulfilling its oversight responsibilities by reviewing the financial reports and related financial information provided by the Corporation to governmental agencies or the general public, the Corporation's system of internal controls and the effectiveness of its control structure, the Corporation's compliance with designated laws and regulations, and the Corporation's accounting, internal and external auditing and financial reporting processes. In discharging its responsibilities, the audit committee shall:

- Serve as an independent and objective party to monitor the Corporation's financial reporting process and internal control system.
- Review and evaluate the audit procedures and results of the Corporation's independent auditor and audit manager.
- Review and evaluate results regarding the adequacy of the Corporation's regulatory compliance programs.
- Approve, engage and terminate the independent auditor.
- Review and evaluate the independent auditor's qualifications, performance and independence.
- Review, evaluate and approve any non-audit services the independent auditor may perform for the Corporation and disclose such approved non-auditor services in periodic reports to stockholders.
- Maintain free and open means of communication between the board of directors, the independent auditor, the audit manager, and the management of the Corporation.
- Maintain free and open means of communication between employees and the audit committee for the processing of complaints received by the Corporation regarding questionable accounting or auditing matters, including suspicions of fraudulent activity. See Exhibit A.
- At least annually, review and update this charter for consideration by the board of directors and perform an evaluation of the audit committee performance and function.

ORGANIZATION

The members of the audit committee shall be appointed by the board of directors and may be removed by the board of directors. The audit committee may consult or retain its own outside legal, accounting or other advisors and shall determine the degree of independence from the Corporation required from said advisors. The audit committee shall meet at least four times per year and report directly to the full board any issues that arise with the respect to the quality and integrity of the Corporation's general financial performance and reporting and regulatory compliance. The audit committee may also meet periodically by itself to discuss matters it determines require private audit committee or board of directors' attention. Further, the audit committee shall meet separately with management, with the audit manager and with the independent auditor. Half of the audit committee shall be a quorum to transact business.

QUALIFICATIONS

The audit committee shall be composed entirely of independent directors, determined by the board of directors under MB&T's Corporate Governance Guidelines and Directors' Policy. The members of the audit committee, as determined by the board of directors, shall also meet the independence and financial expertise requirements as indicated by the Securities and Exchange Commission and the NASDAQ Stock Market, Inc. If the requirements for the above issues by these institutions are conflicting, the more conservative of the two shall apply.

INDEPENDENT AUDITORS

The independent auditor shall be engaged by and accountable to the audit committee and the board of directors. The audit committee shall have the sole authority to engage and terminate the independent auditor, to review with the independent auditor the nature and scope of any disclosed relationships or professional services including all audit engagement fees and terms, and to take, or recommend that the board of directors take, appropriate action to ensure the continuing independence of the auditor. The audit committee shall also set clear policies and standards relating to the Corporations' hiring of employees or former employees of the independent auditor to ensure continued independence throughout.

The audit committee shall, on an annual basis, obtain from the independent auditor a written disclosure delineating all of its relationships and professional services as required by applicable standards. Additionally, the audit committee will obtain and review a report of the independent auditor describing its internal quality-control procedures, material issues raised by the most recent internal quality-control

review of the independent auditor or an inquiry or investigation by a governmental authority involving one or more audits carried out by the independent auditor in the preceding five years and any steps or procedures taken to deal with any such issues. After reviewing the independent auditor's report, the audit committee shall evaluate the auditor's qualifications, performance and independence. The audit committee shall consider the opinions of management in making such evaluation.

As required by the SEC, the audit committee shall assure the regular rotation of the lead and concurring audit partner, and consider whether there should be a regular rotation of the auditor itself.

The independent auditor shall ascertain that the audit committee is made aware of, by timely report to the audit committee, all necessary accounting policies and practices to be used, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management and the risks of using such alternative treatments, and inform the audit committee of other material written communications between the independent auditor and management.

INTERNAL AUDIT

The audit manager of the Corporation shall communicate directly to the audit committee. Administrative oversight shall be provided by an appropriate executive officer of the Corporation. The audit committee will oversee the internal audit function and determine that the audit manager is providing the Committee and management an appropriate level of assurance and consultation within the enterprise risk management environment.

FINANCIAL REPORTING OVERSIGHT

In discharging its responsibilities to oversee governmental and public reporting of financial information, the audit committee shall:

- Review and discuss the annual audited financial statements, footnotes and related disclosures included in the Corporation's annual report to stockholders and its annual report on Form 10-K with financial management and the independent auditor prior to the release and filing of such documents. Review with the independent auditor the results of its annual examination of the financial statements, including their report thereon, and determine its satisfaction with the disclosures and content of the financial statements. This review shall cover discussion of all items required by generally accepted auditing standards regarding required communications with audit committees. Ascertain that the results of any internal audit activity or regulatory reports were appropriately considered in preparing the financial statements.

- Review and discuss the quarterly financial results and information with financial management and the independent auditor to determine that the independent auditor does not take exception to the disclosure and content of the financial statements on Form 10-Q, to determine that the results of any internal audit activity or regulatory reports were appropriately considered in preparing the financial statements, and to discuss any other matters required to be communicated to the audit committee by the independent auditor.
- Inquire of management, the audit manager, and the independent auditor about significant risks or exposures and discuss guidelines and policies to govern the steps management has taken to minimize such risk to the Corporation.
- Review and discuss the certification process for the quarterly reports on Form 10-Q and the annual report on Form 10-K with the audit manager, the independent auditor, and the chief financial officer.
- Review the basis for the disclosures made in the annual report to stockholders under the heading Management's Report on Internal Controls Over Financial Reporting regarding the control environment of the Corporation and any annual filings required under the Federal Deposit Insurance Corporation Improvement Act of 1991 (or any successor regulations).
- Prepare, review and approve the annual proxy disclosure regarding the activities and report of the audit committee for the year.

Exhibit A

MBT Financial Corp. Monroe Bank & Trust Audit Committee Complaint Handling Procedures

Purpose

The Audit Committee of the Board of Directors is specifically responsible for handling and responding to complaints regarding financial statement disclosures, accounting, internal accounting controls, or auditing matters. The effectiveness of these procedures relies upon all bank personnel to report complaints or concerns.

Standards of Behavior

Monroe Bank & Trust is committed to compliance with all applicable securities laws and regulations, accounting standards, accounting controls and audit practices. Fair and accurate reporting of the Bank's financial position is expected and misrepresentation of financial records is prohibited. To that end, employees have a responsibility to report any suspected violations of reporting standards. Employee concerns will be promptly investigated and will be kept confidential to the extent possible (consistent with the need to conduct adequate investigation.)

Complaint Process

All employees, officers and directors are expected to demonstrate the ability to properly manage their personal finances, particularly the prudent use of credit. MBT recognizes that its customers must have faith and confidence in the honesty and character of its employees, officers and directors. In addition to the importance of maintaining customer confidence, there are specific laws that outline the actions MBT must take regarding any known, or suspected, crime involving the affairs of MBT. With regard to financial affairs, a bank must make a criminal referral in the case of any known, or suspected, theft, embezzlement, check/debit card kiting, misapplication or other defalcation involving bank funds or bank personnel in any amount.

Fraud is an element of business that can significantly affect the reputation and success of MBT. MBT requires its employees, officers and directors to talk to supervisors, managers or other appropriate personnel to report and discuss any known or suspected criminal activity involving MBT and its employees. If, during the course of employment, you become aware of any suspicious activity or behavior including concerns regarding questionable accounting or auditing matters, you must report violations of laws, rules, regulations, or violations of MBT's Code of Business Conduct and Ethics. For concerns regarding questionable accounting or auditing matters, you may call 1-866-ETHICSP or electronically submit through www.ethicspoint.com. These calls or e-mails are directly through a third-party vendor which insures total confidentiality and anonymity of the caller. All matters other than questionable accounting or auditing matters should be directed to the Human Resources Director at 734-240-3023.

Employee Training and Awareness

Complaint procedures will be reviewed with all employees at the time of hire. Periodic reminders will also be issued.