

**CHARTER OF THE  
AUDIT COMMITTEE OF THE BOARDS OF DIRECTORS OF  
INTEGRA BANK CORPORATION  
AND  
INTEGRA BANK N.A.**

**PURPOSE**

The Audit Committee of the Boards of Directors of Integra Bank Corporation (the "Company") and Integra Bank N.A. (the "Bank") is appointed by the Boards to assist the Boards in monitoring (1) the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company, (2) the independent auditor's qualifications and independence, (3) the performance of the Company's internal audit function, (4) the performance of the independent auditor, and (5) the Company's compliance with legal and regulatory requirements.

The Committee is responsible for producing the annual report required by the regulations of the Securities and Exchange Commission (the "SEC") to be included in the Company's proxy statement.

The Committee also performs all duties required by the FDIC to be performed by the audit committee of the Bank that the Boards of Directors determine are appropriate to the size of the Bank and the complexity of its operations. The Committee will continue to perform those duties so long as the Bank meets the "holding company exception" to the FDIC's audit committee requirements (currently, the subsidiary must have total assets of less than \$5 billion or total assets of \$5 billion or more and a composite CAMELS rating of 1 or 2).

The Committee also performs all duties required by Part 9 of the regulations of the Comptroller of the Currency (the "OCC") to be performed by a fiduciary audit committee of the Bank.

**MEMBERSHIP**

The Committee shall consist of at least three directors. The members of the Committee shall meet the independence and experience requirements of the Nasdaq Stock Market applicable to National Market issuers, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act"), SEC rules and regulations, FDIC requirements and OCC requirements.

The Committee shall consist of a majority of members who are not also members of any committee to which the Boards of Directors have delegated power to manage and control the fiduciary activities of the Bank.

Each member of the Committee shall (1) meet the standards for an independent director and the heightened standards of independence for Audit Committee members as set forth in the Company's Corporate Governance Principles; and (2) be an "outside director independent of management" within the meaning of FDIC requirements.

"Outside director independent of management" means a person determined to so qualify at least annually by the Boards of Directors. In making such determination, the Boards of Directors should consider all relevant information. If any depository institution subsidiary is a "large institution" within the meaning of FDIC regulations (currently total assets in excess of \$3 billion at the beginning of the year), then the Committee shall not include any "large customers" of such subsidiary, as determined by the Boards of Directors.

All members of the Committee shall be able to read and understand fundamental financial statements. At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or have been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. At least one member of the Committee shall be an audit committee financial expert as defined by the SEC. Two members of the Committee must have banking or related financial management expertise if any depository institution subsidiary is a "large institution" within the meaning of FDIC regulations (currently, total assets in excess of \$3 billion at the beginning of the year). Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

Committee members shall not simultaneously serve on the audit committees of more than two other public companies.

The Committee shall determine whether members should undergo any initial or annual training to help them fulfill their responsibilities.

The Committee members shall serve at the pleasure of the Boards. Unless a Chair is appointed by the full Boards, the members of the Committee may designate a Chair by vote of the Committee members.

## **MEETINGS**

The Committee shall meet at least six times annually or more frequently as circumstances dictate, the schedule and frequency of meetings to be determined by the Boards of Directors or the Committee. The Committee shall meet periodically with management, the internal auditors and the independent auditor in separate executive sessions to discuss any matters that the Committee or any of these groups believes should be discussed privately. The Committee may request any officer or employee of the Company or the Bank or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee.

## **AUTHORITY AND RESPONSIBILITIES**

The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor, including resolution of disagreements between management and the independent auditor regarding financial reporting, as required by Section 10A(m)(2) of the Exchange Act. The Committee shall preapprove all auditing services and permitted non-audit services, including the fees and terms thereof, to be performed for the Company by its independent auditor (subject to the de minimis exception for non-audit services

described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Committee prior to completion of the audit). The independent auditor shall report directly to the Committee.

The Committee may form and delegate authority to the Chair or subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such persons to grant preapprovals shall be presented to the Committee at its next scheduled meeting.

The Committee shall have the authority, to the extent it deems necessary or appropriate and without seeking Board approval, to retain independent legal, accounting or other advisors. The Committee is not precluded from seeking advice from regular outside counsel to the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report, to any advisors employed by the Committee and for ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Committee shall have the authority to approve standing delegations to management.

The Committee shall make regular reports to the Boards. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Boards for approval. The Committee shall annually review the Committee's own performance.

The Committee, to the extent it deems necessary or appropriate, shall:

#### *Financial Statement and Disclosure Matters*

1. Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend whether the audited financial statements should be included in the Company's Form 10-K.
2. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor's reviews of the quarterly financial statements.
3. Discuss with management and the independent auditor major issues regarding accounting principles and financial statement presentations, including all critical accounting policies, practices and estimates used and required disclosures related thereto, the adequacy and disclosure of reserves, any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
4. Review and discuss reports from the independent auditor required to be provided to the Committee by Section 10A(k) of the Exchange Act on:
  - a. all critical accounting policies and practices to be used;
  - b. 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 auditor;

c. other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

5. Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).

6. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as the Company's off-balance sheet structures.

7. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

8. 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, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

9. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Forms 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the company's internal controls.

10. Review and approve all related-party transactions not otherwise approved by the full Boards.

11. Review with management and the independent accountants the basis for their respective reports issued pursuant to FDIC requirements, including call reports, FDICIA documentation and reporting and other similar reports, as well as any statement of management's responsibilities for financial statements and internal controls.

#### *Oversight of the Company's Relationship with the Independent Auditor*

12. Review and evaluate the lead partner of the independent auditor.

13. Discuss with the independent auditor at least annually: (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, and (c) any steps taken to deal with any such issues.

14. Ensure receipt from the independent auditor of a formal written statement delineating all relationships between the independent auditor and the Company, consistent with

Independence Standards Board Standard No. 1, and actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor. The Audit Committee shall take, or recommend that the Boards take, appropriate action to oversee the independence of the independent auditor.

15. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by Section 10A(j) of the Exchange Act.

16. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.

17. Recommend to the Boards policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.

18. Discuss with the national office of the independent auditor issues on which it was consulted by the Company's audit team and matters of audit quality and consistency.

19. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

#### *Oversight of the Company's Internal Audit Function*

20. Review the appointment and replacement of the senior internal auditing executive.

21. Review the significant reports to management prepared by the internal auditing department and management's responses.

22. Discuss with the independent auditor and management the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.

23. Review with the Boards the performance of the Company's internal audit function.

#### *Compliance Oversight Responsibilities*

24. Discuss with the independent auditor whether during the audit the auditor detected or became aware of any illegal act that has or may have occurred and whether the provisions of Section 10A(b) of the Exchange Act have been followed.

25. Obtain reports from management and the Company's senior internal auditing executive that the Company is and its subsidiaries are in conformity with applicable legal requirements and the Company's Code of Business Conduct. Review reports and disclosures of insider and affiliated party transactions. Advise the Boards with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct.

26. 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 the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

27. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.

28. Discuss with counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.

29. Conduct or authorize investigations into any matters within the Committee's scope of responsibility.

30. Provide such reports or disclosures concerning the activities or composition of the Committee as may be required by the rules of the SEC, the Nasdaq Stock Market, the FDIC or the OCC and other regulatory authorities.

#### *Oversight of the Audit of Fiduciary Activities*

31. Ensure that the Bank arranges for a suitable audit of all significant fiduciary activities at least once during each calendar year by internal or external auditors responsible only to the Committee.

32. Consider and approve, if appropriate, major changes to fiduciary principles and practices as suggested by the auditors or management.

33. Following the completion of the annual audit of the Bank's fiduciary activities, review separately with management and the auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

#### **Limitation of Audit Committee's Role**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the 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 and the independent auditor.