

FIRST CHARTER CORPORATION
CORPORATE GOVERNANCE GUIDELINES

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “Board”) of First Charter Corporation (the “Corporation”) to assist the Board in the exercise of its responsibilities to the Corporation and its shareholders. These Guidelines should be interpreted in the context of all applicable laws and the Corporation’s Articles of Incorporation, Bylaws and other corporate governance documents, and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. These Guidelines are subject to modification and the Board shall be able, in the exercise of its discretion, to deviate from these Guidelines from time to time, as the Board may deem appropriate or as required by applicable laws and regulations.

1. Director Qualifications

The Board will have a majority of directors who meet the criteria for independence required by The Nasdaq Stock Market, Inc. (“Nasdaq”). The Governance and Nominating Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics that the Board seeks in Board members as well as the composition of the Board as a whole. On an annual basis the Board will, with the assistance of the Governance and Nominating Committee, evaluate whether members qualify as independent under applicable standards. During the course of a year, directors are expected to inform the Board of any material changes in their circumstances or relationships that may impact their designation by the Board as independent.

The Bylaws provide that the Board shall consist of not less than five nor more than twenty-five members. The Bylaws also provide that the Board shall be divided into three classes, with such classes being nearly equal in number. Directors are elected by class for three-year terms. The Corporation’s objective is to maintain a Board of sufficient size to maintain an appropriate balance of experience while at the same time facilitating each director’s personal involvement in Board deliberations. Currently, the Board has eighteen directors, divided into three classes of six each.

The Bylaws indicate that directors need not be residents of the State of North Carolina or shareholders of the Corporation; however, directors are encouraged to own shares of the Corporation’s Common Stock. Traditionally, the President and CEO has been a director. Other active principal corporate officers may serve as directors as nominated. However, the Board would not expect to have more than one or two employee directors except in unusual circumstances, such as during a transition in leadership. The Corporation’s Board shall at all times be comprised of no less than a majority of directors who meet the criteria for independence required by Nasdaq.

Nominees for director will be selected on the basis of outstanding achievement in their personal careers; broad experience; wisdom; integrity; ability to make independent, analytical inquiries; understanding of the business environment; specialized knowledge (such as an understanding of accounting, financial, marketing or regulatory matters); willingness to devote

adequate time to Board duties; and a commitment to the Corporation's communities and shared values. The Board believes that each director should have a basic understanding of (i) the principal operational and financial objectives and plans and strategies of the Corporation, (ii) the results of operations and financial condition of the Corporation, and (iii) the relative standing of the Corporation in relation to its competitors. The Board is committed to diversified membership.

It is the sense of the Board that individual directors who significantly change responsibilities or job positions should volunteer to resign from the Board. It is not the sense of the Board that in every instance the directors who retire or change from the position they held when they came on the Board should necessarily leave the Board; however, the Board, through the Governance and Nominating Committee, may review the continued appropriateness of Board membership under the circumstances.

Each director should be able and prepared to devote sufficient time and effort to his or her duties as a director.

There is no specified limit on the number of terms that a director may serve on the Corporation's Board of Directors. However, the Corporation's Bylaws provide that regardless of a director's scheduled term, a director's term shall expire at the next shareholder's meeting following the date on which such director reaches age 70.

2. Director Responsibilities

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Corporation and its shareholders, and to perform their duties of care and loyalty. In discharging that obligation, directors shall be entitled to rely on the honesty and integrity of the Corporation's senior executives and its outside advisors and auditors, to the fullest extent permitted by law. The directors also shall be entitled to have the Corporation purchase reasonable directors' and officers' liability insurance on their behalf. In addition, the directors will have indemnification to the fullest extent permitted by law and the Corporation's Articles of Incorporation, Bylaws and any indemnification agreements. Further, the directors' liability to the Corporation will be limited as provided by state law and the Corporation's Articles of Incorporation.

The specific duties and responsibilities of the Board will include, among other things, overseeing the management of the business and affairs of the Corporation; selecting and recommending to shareholders appropriate candidates for election to the Board; reviewing and, where appropriate, approving the business plans, major strategies and financial objectives of the Corporation; evaluating Board processes and performance and the overall effectiveness of the Board; selecting, evaluating and compensating the CEO; evaluating the performance of the Corporation and of other senior management; requiring, approving and overseeing the implementation of the Corporation's succession plans; reviewing compliance with applicable laws and regulations and adopting policies of corporate conduct to assure compliance with applicable laws and regulations and to assure maintenance of necessary accounting, financial, and other controls.

Directors are expected to regularly attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to discharge properly their responsibilities. In addition, directors are encouraged to attend the Annual Meeting of Shareholders. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting are normally distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting.

A regular meeting of the Board will be held immediately after the Annual Meeting of Shareholders, or as soon as possible thereafter. The Board may provide by resolution the dates for the holding of additional regular meetings. The Board of Directors generally holds approximately eight regular meetings each year, with sufficient time reserved to assure proper attention to all business and affairs of the Corporation. The Board will hold additional meetings when needed to address issues of special concern or urgency. The CEO, or the Secretary acting under instruction of the CEO, or any director may call special meetings of the Board. The Board and Committee meetings may be held at the corporate offices or elsewhere. Directors may participate in either Board or Committee meetings by telephone or similar device so long as all persons participating in the meeting can hear each other (however, when determining director compensation for meeting attendance, a distinction may be made between in-person and telephone attendance).

The Chairman of the Board and the CEO will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Corporation's long-term strategic plans and the principal issues that the Corporation will face in the future during at least one Board meeting each year. All meetings of the Board shall be held pursuant to the Bylaws of the Corporation with regard to notice and waiver thereof, and written minutes of each meeting, in the form approved by the Board, shall be duly filed in the Corporation records.

The independent directors will regularly meet in executive session. The independent directors will meet in executive session quarterly. The Chairman of the Board will preside at the executive sessions of the independent directors unless such Chairman is not independent in which case the Vice Chairman of the Board or the Chair of the Governance and Nominating Committee will preside, or otherwise as determined by the Board.

The Board shall ensure that financial information and important developments within the Corporation are provided by management to shareholders, potential shareholders and the investment community.

The Board believes that the management speaks for the Corporation. Generally, directors should refer investors, market professionals and the media to the CEO or another individual designated by the Corporation. Individual Board members, from time to time, may be required to communicate with various constituencies that are involved with the Corporation; however, in this unusual circumstance, it is expected that any such communication would be made with the knowledge of management or at management's request (or as contemplated by the committee charters).

3. Board Committees

The Board currently maintains an Executive Committee, an Audit Committee, a Compensation Committee and a Governance and Nominating Committee. The members of the Audit Committee, Compensation Committee and Governance and Nominating Committee will be independent directors under the criteria established by Nasdaq and any other applicable rules or regulations. Committee members will be appointed annually by the Board upon recommendation of the Governance and Nominating Committee with consideration of the desires of individual directors.

Each committee will have its own charter. The charters will set forth the purposes, duties and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance.

The Chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The schedule for each committee will be furnished to all directors. During the year, the Chair of each committee, in consultation with the appropriate members of the committee and management, will develop the agenda for each meeting. All meetings of each committee shall be held pursuant to the Bylaws of the Corporation with regard to notice and waiver thereof, and written minutes of each meeting, in the form approved by the relevant committee, shall be duly filed in the Corporation records.

A report regarding each committee meeting will be provided to the full Board. Upon request, a director will be given copies of the minutes of any committee meeting.

In addition, the Chair of each committee will report to the full Board regarding matters that should be brought to the attention of the Board.

The Board and each committee have the power to hire independent legal, financial or other advisors, as they may deem necessary, without consulting or obtaining the approval of any officer of the Corporation in advance.

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

Certain committees may meet simultaneously as committees of First Charter Bank (the "Bank"), though they should hold separate sessions if necessary to address issues that are relevant to one entity but not the other or to consider transactions between the two entities or other matters where the Corporation and the Bank may have different interests. In addition, any such committee should consult with counsel if, in the opinion of the committee, any matter under consideration by the committee has the potential for any conflict between the interests of the Corporation and those of the Bank or the Corporation's other subsidiaries in order to ensure that appropriate procedures are established for addressing any such potential conflict.

4. Director Access to Officers, Employees and Outside Advisors

Directors have full and free access to officers and other employees of the Corporation and the Corporation's outside advisors. Any meetings or contacts that a director wishes to initiate should normally be arranged through the CEO or the Secretary. The directors will use their judgment to assure that any such contact is not disruptive to the business operations of the Corporation. It is the expectation of the Board that directors will keep the CEO informed of communications between a director and an officer or other associate of the Corporation, as appropriate.

The Board expects regular attendance and participation of senior officers of the Corporation at each Board meeting.

5. Director Compensation

The Corporation will pay reasonable and adequate compensation to non-employee directors for their services as members of the Board and its Committees. In addition, the Corporation will reimburse such directors for expenses incurred in connection with Corporation business. Employee directors are not entitled to compensation as directors. Rather, their compensation as employees is intended to cover all services to the Corporation.

The form and amount of director compensation will be recommended by the Compensation Committee to the Board (after due consideration of any recommendation of the Governance and Nominating Committee with respect to the competitiveness of such compensation) in accordance with the policies and principles set forth in its charter and applicable legal and regulatory guidelines. The Compensation Committee will conduct an annual review of director compensation, such review may include outside advice when appropriate. The Compensation Committee and the Board will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Corporation makes substantial charitable contributions to organizations with which a director is affiliated, or if the Corporation enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

6. Director Orientation and Continuing Education

Each new director must participate in the Corporation's Orientation Program, which should be conducted within two months after a director is first elected to the Board. This orientation will include familiarizing new directors with the Corporation's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its independent auditors. In addition, the Orientation Program will include a visit to the Corporation's offices to meet with senior management and the Corporation's outside lawyers regarding his or her legal duties as a director, and tours of the Corporation's facilities to understand better the Corporation's business and culture. All other directors are also invited to attend the Orientation Program. In addition, each director is expected to maintain the necessary level of expertise to perform his or her responsibilities as a director. From time to time, the Corporation will offer continuing education

for the Board. Further, Board members are encouraged to attend, at the Corporation's expense, externally sponsored programs for director education, such as the program sponsored by the North Carolina Commissioner of Banks. The Board will consider the continuing education for directors which may be warranted and will instruct management to organize such continuing education.

7. CEO Evaluation and Management Succession

The Compensation Committee will conduct an annual evaluation of the CEO's performance, as set forth in the Compensation Committee Charter. The Board will receive a report from the Compensation Committee regarding this evaluation.

The Governance and Nominating Committee shall periodically report to the Board on succession planning. The entire Board will work with the Governance and Nominating Committee to nominate and evaluate potential successors to the CEO. The CEO shall at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

8. Annual Performance Evaluation

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Governance and Nominating Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. This will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to the Corporation and specifically focus on areas in which the Board or management believes that the Board could improve.

9. Publication

These Guidelines, along with the Code of Business Conduct and Ethics, and each committee charter shall be published by the Corporation in appropriate form.