

## Chemical Financial Corporation/Chemical Bank Audit Committee Charter

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### I. PURPOSE

This Charter sets forth the organization and operation of the Audit Committee (the “**Committee**”) of Chemical Financial Corporation (the “**Company**”) and has been approved by the Company’s Board of Directors (the “**Board**”). Amendments to this Charter shall be approved by the Board. The Committee also functions as the audit committee of the board of directors of the Company’s subsidiary bank, Chemical Bank (the “**Bank**”). References to the Company in this Charter also include the Bank, and references to the Board include the boards of directors of the Company and the Bank. The Committee shall provide assistance to the Board in fulfilling its oversight responsibility to shareholders, potential shareholders, the investment community, and others relating to the Company’s financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent audit of the Company’s financial statements, the regulatory compliance program and the code of conduct as established by management and the Board. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, the independent auditors, the internal auditors and management of the Company. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention, with full access to all books, records, facilities, and personnel of the Company, and may retain outside counsel or other experts for this purpose.

### II. MEMBERSHIP

The Committee shall be comprised of at least three non-management directors appointed by the Board based on recommendations from the Corporate Governance and Nominating Committee, one of whom shall be designated as Chairperson. All Committee members shall be independent in accordance with applicable statutes, regulations and rules of the Securities and Exchange Commission (“**SEC**”), The NASDAQ Stock Market, and the Federal Deposit Insurance Corporation (“**FDIC**”). All members of the Committee must be able to read and understand fundamental financial statements, including the Company’s statement of financial position, income statement, and cash flow statement. At least one member of the Committee must 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 having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. At least one member of the Committee must be an “audit committee financial expert” as defined in Item 407 of Regulation S-K, and at least two members of the Committee shall have banking or related financial management experience as defined by the FDIC. A director may not be a member of the Committee if he or she participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. The members of the Committee shall serve for such term or terms as the Board may determine

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or until earlier resignation or death. A Committee member may be removed for any reason following a majority vote of the Board.

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**III. AUTHORITY AND RESPONSIBILITIES**

The Committee has the full power and authority to perform the responsibilities of a public company audit committee under applicable law, regulations, the Nasdaq Marketplace Rules, or the rules of any other national exchange on which the Company's common stock is traded, generally accepted accounting principles, and public company custom and practice.

The primary responsibility of the Committee is to oversee the Company's accounting and financial reporting process and audits of the financial statements of the Company on behalf of the Board and report the results of its activities to the Board. Management is responsible for preparing the Company's financial statements, and the independent auditors are responsible for auditing those financial statements. The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances.

The Committee shall have the authority and responsibility to:

- Be responsible and have ultimate authority for the appointment, compensation, retention, evaluation, oversight and termination, if necessary, of the Company's independent registered public accounting firm engaged to act as the Company's independent auditors for the purpose of auditing the Company's annual financial statements, books, records, accounts and internal controls over financial reporting;
- To select, appoint, retain, compensate, evaluate, oversee and terminate, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
- To approve all audit engagement fees and terms; and to pre-approve all audit and permitted non-audit and tax services that may be provided by the Company's independent auditors or other registered public accounting firms, and establish policies and procedures for the Committee's pre-approval of permitted services by the Company's auditors or other registered public accounting firms on an on-going basis;<sup>1</sup>
- Annually review the performance (effectiveness, objectivity, and independence) of the independent auditors and the internal audit function, including a review and evaluation of the lead partner of the independent auditor (and the required rotation of such partner), and report its conclusions to the Board;
- Communicate to management and the independent auditors that the independent auditors are ultimately accountable to the Committee, as representatives of the Company's shareholders;
- To review and discuss with the Company's independent auditors and management (1) any audit problems or difficulties, including difficulties encountered by the Company's independent auditors during their audit work (such as restrictions on the

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scope of their activities or their access to information), (2) any significant disagreements with management and (3) management's response to these problems, difficulties or disagreements; and to resolve any disagreements between the Company's independent auditors and management;

- Obtain and review at least annually a formal written report from the independent auditor delineating the auditing firm's internal quality-control procedures and any material issues raised within the preceding five years by the auditing firm's internal quality-control reviews, by peer reviews or Public Company Accounting Oversight Board review or inspection of the firm, or by any governmental or other inquiry or investigation relating to any audit conducted by the firm. The Committee will also review steps taken by the auditing firm to address any findings in any of the foregoing reviews;
- Review and discuss with the independent auditors (1) all critical accounting policies and practices to be used in the audit; (2) any alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, and the ramifications of the use of any such alternative treatments and the treatment preferred by the auditors; and (3) other material written communications between the auditors and management.
- Review and discuss with the independent auditors the matters required to be reviewed or discussed under auditing standards established from time to time by the PCAOB relating to the conduct of the audit and any qualifications in the independent auditors' opinion;
- Obtain and review at least annually a formal written report from the independent auditors consistent with applicable rules and regulations and standards set by the Independence Standards Board, including a written report detailing all relationships between the firm and the Company or any of its subsidiaries, and to discuss with the independent auditors this report and any relationships or services that may impact the objectivity and independence of the auditors;
- Discuss with the internal auditors and the independent auditors the overall scope and plans for their respective audits, including the adequacy of staffing and compensation. The Committee shall discuss with management, the internal auditors, and the independent auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's system to monitor and manage business risk and regulatory compliance programs. The Committee shall meet separately with the internal auditors and the independent auditors, with and without management present, to discuss the results of their examinations;
- Review and approve or disapprove any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K) and any other potential conflict of interest situations on an ongoing basis;
- Keep the Company's independent auditors informed of the Committee's understanding of significant relationships and transactions between the Company and related parties, and review and discuss with the independent auditors the

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auditors' evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties;

- To discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP financial information;
- Receive copies of any financial information and earnings guidance provided to analysts and rating agencies, including the types of information to be disclosed and the types of presentations to be made, but need not discuss such information in advance of dissemination;
- Review and discuss with management and the independent auditors the Company's interim financial statements (including the related notes) and the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operation" ("**MD&A**") to be included in the Company's Quarterly Reports on Form 10-Q before the Form 10-Q is filed. The Committee shall review with the independent auditors the results of the quarterly reviews and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards. The Chairperson of the Committee may represent the entire Committee for the purposes of quarterly reviews;
- Review and discuss with management and the independent auditors the Company's audited financial statements (including the related notes), the form of audit opinion to be issued by the independent auditors on the financial statements and the disclosures under MD&A to be included in the Company's Annual Report on Form 10-K (and any annual report to shareholders if distributed prior to the filing of the Form 10-K) before such Form 10-K or annual report is filed or distributed to shareholders, as applicable. The Committee shall review with the independent auditors the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards and applicable rules and regulations. This review will discuss the independent auditors' judgment about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. Based on such review and discussions, the Committee will determine whether or not to recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K;
- Obtain from the independent auditors such confirmation as the Committee shall deem appropriate to the effect that the independent auditors satisfy the general qualifications and independence requirements for independent public accountants to bank holding companies and insured depository institutions under applicable statutes, rules, and regulations;
- Maintain oversight of management's programs and controls designed to prevent, deter, and detect fraud as it related to internal control over financial reporting;
- To review with management, the internal audit department and the Company's independent auditors the adequacy and effectiveness of the Company's financial reporting processes, internal control over financial reporting and disclosure controls

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and procedures, including any significant deficiencies or material weaknesses in the design or operation of, and any material changes in, the Company's processes, controls and procedures and any special audit steps adopted in light of any material control deficiencies, and any fraud involving management or other employees with a significant role in such processes, controls and procedures, and review and discuss with management and the Company's independent auditors disclosure relating to the Company's financial reporting processes, internal control over financial reporting and disclosure controls and procedures, the independent auditors' report on the effectiveness of the Company's internal control over financial reporting and the required management certifications to be included in or attached as exhibits to the Company's annual report on Form 10-K or quarterly report on Form 10-Q, as applicable;

- Review regulatory agencies' reports of examination of the Company and its subsidiaries and report to the Board on the results of each examination made and such conclusions and recommendations as the Committee deems appropriate;
- Establish and maintain procedures for the receipt, retention, and response to complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by Company employees of concerns regarding accounting or auditing matters;
- Prepare the Audit Committee Report required by applicable statutes, rules, and regulations to be included in the Company's annual proxy statement;
- Review and approve the Audit Policy and Internal Audit Charter;
- Review and approve the annual internal audit plan and all major changes to the plan. Review the internal audit activity's performance relative to its plan;
- Oversee the internal audit function and the Director of Internal Audit in the execution of the annual internal audit plan. The director of internal audit will report functionally to the Audit Committee and administratively to the Chief Executive Officer;
- Review and approve decisions regarding the appointment or removal of the Director of Internal Audit. Ensure there are no unjustified restrictions or limitations on the Director of Internal Audit;
- Review with the Director of Internal Audit and approve the internal audit budget, resource plan, activities, and organizational structure of the internal audit function;
- Review the performance of the Director of Internal Audit and concur with his or her annual compensation and any salary adjustment;
- Review the effectiveness of the internal audit function, including conformance with The Institute of Internal Auditors' the Definition of Internal Auditing, Code of Ethics and the *International Standards for Professional Practice of Internal Auditing*;

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- Coordinate with the Risk Committee to review and discuss audit and examination results related to risk management activities and review management responses for correcting deficiencies;
- To monitor compliance with the Company's Code of Ethics for Senior Financial Officers and Members of the Executive Management Committee (the "**Code**"), to investigate any alleged breach or violation of the Code, and to make determinations and recommend action to the Board with respect to violations of the Code; and
- Undertake such other duties and responsibilities as required by applicable statutes, rules, and regulations.

The Committee also has and will have any additional powers, authority and responsibilities that are delegated to the Committee by the Board of Directors. The powers, authorities and responsibilities of the Committee that relate to specific laws, regulations and rules shall continue and apply to any applicable successor or amended laws, regulations and rules. The Committee may establish subcommittees of the Committee with such powers and authority as specifically determined and delegated by the Committee.

The Committee will keep minutes, make them available to the Board, and provide the Board of Directors with regular reports regarding the Committee's decisions, actions and recommendations. A majority of the Committee members currently holding office constitutes a quorum for the transaction of business. The Committee shall take action by the affirmative vote of a majority of the Committee members present at a duly held meeting.

At the direction of the Committee chairperson, the Committee may hold an executive session outside the presence of the Company's executive officers.

The Committee will review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.

### IV. ADVISORS

The Committee has authority, in its sole discretion, to engage consultants, advisors and legal counsel at the expense of the Company. The Committee has authority to approve contracts with and payment of fees and other compensation of consultants, advisors and legal counsel. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to any consultants, advisors or legal counsel employed by the Committee and ordinary administrative expenses of the Committee.

### V. ROLE OF OFFICERS

The Company's executive officers shall serve as a resource to the Committee and provide advice, information, analysis and documentation to the Committee upon request.

### VI. SCOPE OF RESPONSIBILITY

The Committee has the authority and responsibilities 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 are complete and accurate and are in accordance with generally accepted

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accounting principles. This is the responsibility of management and the independent auditors. In discharging his or her duties, each member of the Committee is entitled to rely on information, opinions, reports and statements, including financial statements and other financial data prepared or presented by officers, employees, legal counsel, accountants, and other persons. It is not the duty of the Committee to conduct investigations or to ensure compliance with laws and regulations. The duties and responsibilities of a member of the Committee are in addition to those duties applicable to members of the Board.