
CRESCENT BANKING COMPANY
CHARTER OF THE AUDIT COMMITTEE
OF THE
BOARD OF DIRECTORS

Title

The title of this Committee shall be the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Crescent Banking Company (the "Company").

Composition

The Committee shall be composed of a minimum of three members of the Company's Board. The independence and qualifications of the members of the Committee shall at all times satisfy the requirements of: (i) the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Nasdaq Stock Market, Inc. ("Nasdaq"), except as otherwise properly permitted by the cure periods provided under Nasdaq Marketplace Rule 4350(d)(4), subject to the Company's delivering the appropriate notice to FINRA; (ii) the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the Securities and Exchange Commission (the "Commission") thereunder; (iii) the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and the rules and regulations of the Commission thereunder; and (iv) the Federal Deposit Insurance Act (the "FDIA"), as amended, and the rules, regulations and guidelines of the Federal Deposit Insurance Corporation (the "FDIC") thereunder (such independence and qualifications requirements in the preceding clauses (i) through (iv) are collectively referred to herein as the "Membership Requirements"). In addition, each of the members of the Committee shall at all times be independent and free from any relationship that would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director, and independent of management of the Company and its direct and indirect subsidiaries and subsidiary affiliated entities (together, "Subsidiaries"). Finally, a "Large Customer" – that is, a customer whose termination of his or her relationship with the Company and/or its Subsidiaries would, as determined by the Board, materially and adversely affect the Company and/or its Subsidiaries – and the representatives, employees or affiliates of a Large Customer, are not independent for purposes of qualification as a member of the Committee.

In addition to the Membership Requirements, all members of the Committee must have a working familiarity and relevant experience with basic finance, banking and accounting practices and controls, including, without limitation, an understanding of generally accepted accounting principles ("GAAP") and the ability to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. All members of the Committee shall participate in and satisfy any continuing education or other requirements or programs that may be required by the Commission, FINRA, Nasdaq or the FDIC.

The Committee shall have at least one member who has 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. Additionally, the Committee shall seek to have at least one member who qualifies as an “audit committee financial expert,” as defined by the Commission in Item 401(h) of Regulation S-K (a “Financial Expert”), and shall otherwise meet the related FINRA and/or Nasdaq requirements. The Committee shall work with the Company’s management, the Board and/or the Disclosure Committee (if any), as appropriate, to ensure that the identity and background of any such Financial Expert is properly disclosed or incorporated by reference in the Company’s annual report on Form 10-K (the “Form 10-K”), as filed with the Commission. In the event that no member of the Committee qualifies as a Financial Expert, then the Committee shall provide that disclosure of such fact is included in the Company’s filings with the Commission, as required by the rules of the Commission.

To facilitate compliance with the Membership Requirements, each proposed member of the Committee shall, on an annual basis, complete and submit to the Board an Independence Questionnaire. The Committee, prior to its taking any action during a particular year, shall first ascertain that the Board has (i) carefully reviewed all such Questionnaires, and (ii) affirmatively determined that each of the proposed members of the Committee satisfies the Membership Requirements.

In light of the extraordinary commitment of time and attention required of members of the Committee in fulfilling their responsibilities, no member of the Committee shall be a member of the board of directors of more than two other public companies or a member of the audit committee, or a committee fulfilling similar functions, of more than one other public company.

Members of the Committee shall receive from the Company any Board fees and committee fees, and other compensation due to them, for their service in such capacities, but shall receive no other compensation from the Company or any subsidiary of the Company (except for fixed amounts of compensation under a retirement plan for prior service with the Company, provided such compensation is not contingent in any way on continued service). The Committee shall take reasonable steps to provide that its members remain independent from the Company, so as to maintain their objectivity and commitment to their responsibilities.

Reporting Structure

The independent auditors shall report directly to the Committee and shall be ultimately accountable to the Committee. As used herein, the term “independent auditors” shall mean “registered public accounting firm” upon and after the establishment of the Public Company Accounting Oversight Board and the implementing rules of such Board and the Commission. Such firm also shall meet all requirements of 12 C.F.R. Part 363, Rule 2-01 of the Commission’s Regulation S-X, and other applicable law and any listing standards that may be applicable to the Company’s common stock.

The Committee shall, in turn, regularly report to the Board, as frequently as may be required or as is prudent in order to properly satisfy the requirements set forth under the caption “*Duties and Responsibilities*” below.

Purposes

The primary purposes of the Committee are to monitor (i) the accounting and financial reporting processes of the Company and its Subsidiaries and the audits of the financial statements of the Company and its Subsidiaries; (ii) the integrity of the Company’s financial statements; (iii) the Company’s compliance with legal and regulatory requirements; (iv) the independence and qualifications of the

Company's independent auditors; and (v) the performance of the Company's internal audit function and its independent auditors (including the resolution of disagreements between management and the independent auditors). The Committee's function is one of oversight and review, and it is not required to prepare, audit or guarantee the financial statements, define the scope of the audit, control the Company's and its Subsidiaries' accounting policies and practices, or define the standards used in preparing the financial statements, except as required under the caption "*Duties and Responsibilities*" below.

In furtherance of its purposes, the Committee shall:

1. Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting and reporting practices of the Company and its Subsidiaries.
2. Facilitate communications between the Board and the independent auditors.
3. Review and discuss the business risk management process that identifies and measures business and financial reporting risks of the Company and its Subsidiaries, and monitor the effectiveness of the control and risk management processes.
4. Provide the independent auditors a private, confidential audience at any time it is desired or requested, with or without the presence and/or knowledge of management.
5. Review with the auditors (internal and external) and the Company's management, the quality and acceptability of material financial reporting decisions and judgments.
6. Perform the functions of an audit committee for Crescent Bank & Trust Company and any other of the Company's Subsidiaries (in the case of Subsidiaries that are banks, pursuant to Section 36 of the FDIA).

Duties and Responsibilities

The Committee, as and to the extent it deems necessary or appropriate, shall observe and perform the following duties and responsibilities:

1. The Committee shall have the *sole* authority, as set forth in Section 10A(m) of the Exchange Act, to appoint, replace, oversee and determine funding (and the Company shall ensure that such funding is available to the Committee) for the independent auditor and to determine whether such auditor is independent pursuant to the Sarbanes-Oxley Act, the FDIA, the Exchange Act and the rules and regulations of the Commission thereunder, FINRA, Nasdaq and/or the FDIC. The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purposes of preparing or issuing an audit report or related work. The Committee shall, at least annually, obtain and review a report by the independent auditor describing:
 - (i) the auditor's internal quality-control procedures;
 - (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditor, 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 auditor, and any steps taken to deal with any such issues; and

- (iii) the auditor's independence, and all relationships between the independent auditor and the Company.
2. The Committee *shall not* approve the engagement of the independent auditor for the following services while such auditor is engaged to perform audit services:
- (i) bookkeeping or other services related to the accounting records or financial statements of the Company;
 - (ii) financial information systems design and implementation;
 - (iii) appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
 - (iv) actuarial services;
 - (v) internal audit outsourcing services;
 - (vi) management functions or human resources;
 - (vii) broker or dealer, investment adviser, or investment banking services;
 - (viii) legal services and expert services unrelated to the audit; and
 - (ix) any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible.
3. The Committee shall approve, in advance, which shall include pre-approvals consistent with the Committee's Pre-Approval Policy, all auditing services and permitted non-audit services, as set forth in Section 10A(i) of the Exchange Act, (including the fees and terms of such services) to be performed for the Company by its independent auditor. The pre-approval requirement shall be waived for certain non-audit services set forth in Section 10A(i)(1)(B) of the Exchange Act.
4. The Committee shall provide that approval of any non-audit services by the Committee is disclosed pursuant to Section 10A(i)(2) of the Exchange Act in the Company's periodic reports required by Section 13(a) of the Exchange Act. The Committee shall provide that any disclosures required by Item 9 of the Commission's Schedule 14A (relating to the required contents of the Company's Proxy Statement for its annual meeting of shareholders), relating to the payment of fees to the independent auditor and/or pre-approval of services, are properly made.
5. The Committee shall meet with the independent auditor at least annually to review the scope of the audit for the current year and the audit procedures to be utilized. This review is to include the potential effects of business and financial statement risks on the Company's control systems and quality of financial reporting, and a discussion of the

extent to which the financial statements contain all disclosures that could reasonably be deemed “material” within the meaning of applicable requirements. At the conclusion of this meeting, the Committee shall review any comments or recommendations made by the independent auditors.

6. The Committee shall review and discuss with management and the independent auditor, the Company’s annual audited financial statements prior to the filing with the Commission of the Company’s Form 10-K and/or the distribution of the Company’s Annual Report to Shareholders, including, without limitation, the disclosures made in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (the “MD&A Section”). Except as otherwise may be agreed by the Committee at any time and from time to time, in the course of such review, the Committee shall meet with the independent auditors separately, with no members of management or other persons present.
7. The Committee shall review and discuss with management and the independent auditor the Company’s quarterly financial statements prior to the filing with the Commission of the Company’s quarterly report on Form 10-Q (the “Form 10-Q”), including, without limitation, the results of the independent auditor’s reviews of the quarterly financial statements and the disclosures made in the MD&A Section. Except as otherwise may be agreed by the Committee at any time and from time to time, in the course of such review, the Committee shall meet with the independent auditors separately, with no members of management or other persons present.
8. The Committee shall discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company’s financial statements, including 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 steps adopted in light of material control deficiencies. The Committee shall also satisfy itself as to the professional competency of the internal audit team, including, without limitation, the person responsible for the internal auditing functions, as well as the adequacy of the internal auditing staff and other resources. The Committee shall review with management any proposed termination, replacement or appointment of important members of the Company’s internal audit team.
9. The Committee shall discuss with the independent auditors a common framework to assess financial reporting quality and facilitate a common vocabulary and understanding about quality among the Committee, management, and the auditors.
10. The Committee shall review and discuss, quarterly, reports from the independent auditors, including:
 - (i) All critical accounting policies and practices to be used;
 - (ii) All alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; and

- (iii) Other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
- 11. The Committee shall 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. This discussion may be general in nature (addressing the types of information to be disclosed and the types of presentations to be made).
- 12. The Committee shall discuss with management and the independent auditor the effect of regulatory and accounting initiatives, any off-balance sheet structures on the Company's financial statements, any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements, accounting policies or compliance by the Company with laws and regulations. The Committee shall also take reasonable steps to provide that any off-balance sheet transactions are disclosed in a manner that is meaningful to investors, in accordance with the Commission's requirements under Item 303 of Regulation S-K.
- 13. The Committee shall work with management, the Board and/or the Disclosure Committee (if any), as appropriate, to provide that any off-balance sheet transactions or non-GAAP financial information, if any, and the financial statements generally, are accompanied by disclosure that provides investors with a meaningful understanding of the Company's financial position and the effects of such transactions, as required by Item 303 of the Commission's Regulation S-K and the Commission's Regulation G, respectively.
- 14. The Committee shall 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.
- 15. The Committee shall discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 ("SAS 61") relating to the conduct of the audit, including any difficulties or problems 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, as well as management's responses to such situations.
- 16. The Committee shall 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 the Form 10-Q relating to any significant deficiencies in the design or operation of internal controls or material weaknesses therein or any fraud involving management or other employees who have a significant role in the Company's internal controls.
- 17. The Committee shall ensure (i) the rotation of the lead and concurring audit partners at least once every five years, with a mandatory five year "cooling off" period, and (ii) the rotation of the other audit partners at least once every seven years, with a two year "cooling off" period, as provided in, and subject to the exceptions afforded by, Rule 2-01 of the Commission's Regulation S-X, or as otherwise required by law or regulatory

authority. The Committee shall consider whether, in order to assure continuing auditor independence and integrity, it is appropriate to adopt a different policy of rotating the independent auditing firm itself on a regular basis.

18. The Committee shall establish and recommend to the Board, policies for the Company's hiring of current and former employees, principals or shareholders of the Company's current and former independent auditors, and their respective family members and affiliates, consistent with the requirements of Rule 2-01 of the Commission's Regulation S-X and other applicable law, as well as any listing requirements applicable to the Company's common stock.
19. The Committee shall obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act, concerning the occurrence of illegal acts (whether or not perceived to have a material effect on the Company's financial statements), has not been implicated.
20. The Committee shall, with senior management, develop and submit to the Board for its timely adoption, a Code of Business Conduct and Ethics, including provisions applicable to senior financial officers of the Company. The Committee shall from time to time consider any changes thereto that are required by law, rule or regulation, or that the Committee deems appropriate.
21. The Committee shall obtain reports from management, the Company's senior internal auditing executive and the independent auditor that the Company and its Subsidiaries are in conformity with applicable legal requirements, including those banking laws designated by the FDIC in Table 1 to Appendix A to 12 C.F.R. 363 (the "Designated Banking Laws") and the Company's Code of Business Conduct and Ethics. The Committee shall review reports and disclosures of insider and affiliated party transactions, including those reports of committees and officers responsible for approving such transactions, and shall advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and the Company's Code of Business Conduct and Ethics.
22. The Committee shall review and pre-approve all related-party transactions.
23. The Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, (ii) the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters, and (iii) the protection of any such employee from retaliatory action.
24. Annually, the Committee shall report to the Board that:
 - (i) The Company's audited financial statements have been reviewed and discussed with the Company's management and independent auditors, including all communications required by SAS 61.
 - (ii) The Committee has executed its responsibility to oversee the independent auditors. In particular, the Committee shall (a) have received the written disclosures and the letter from the independent auditors mandated by the

applicable requirements of the Public Company and Accounting Oversight Board regarding the independent auditors' communications with the Committee concerning independence, and (b) have actively engaged in a dialogue with such auditors concerning whether the Company's relationship with the independent auditors, including, without limitation, the independent auditors' provision of permitted non-audit services, is compatible with maintaining the auditor's objectivity and independence, taking into account the opinions of management and internal auditors. The Committee may also recommend the involvement of the full Board to take appropriate action in overseeing the independence of the independent auditors.

- (iii) The Committee has recommended that the Company's audited financial statements be included in the Form 10-K.
- (iv) The Committee's duties and responsibilities have been met for the most recently completed fiscal year.

Consistent with the foregoing, the Committee shall take reasonable steps to prevent the Company, the Board or its members, or the Company's officers, employees or affiliates from coercing, manipulating, misleading or fraudulently influencing, the Company's independent auditors.

- 25. The Committee shall work with the Company's management, the Board and/or the Disclosure Committee (if any), as appropriate, to make any disclosures required by Item 7(d)(3) of Schedule 14A.
- 26. The Committee shall engage in such review and discussion as it deems appropriate with regard to activities of the Company's Internal Audit Department and the Compliance Department (or, if no such departments exist, such persons responsible for internal auditing and compliance), bank regulatory examination reports and/or other regulatory reports and filings, the Company's Code of Business Conduct and Ethics, and other legal, regulatory or other matters. The Committee shall assist in the development, approval and monitoring of the internal audit functions of the Company and its Subsidiaries.
- 27. The Committee shall prepare and deliver the Report of the Committee for inclusion in the Company's annual proxy statement, as required by the Commission.
- 28. At least annually, the Committee shall prepare and deliver to the Board for its review a self-evaluation of the Committee's performance during the preceding year to assist the Board in determining whether the Audit Committee is functioning properly.
- 29. The Committee shall review the Company's and its Subsidiaries' compliance with applicable accounting and financial disclosure laws, including, without limitation, those banking laws and regulations concerning loans to insiders and the federal and state laws and regulations concerning dividend restrictions.
- 30. The Committee shall keep apprised of developments in such laws and regulations of the Commission, FINRA, Nasdaq and the FDIC and otherwise as may be appropriate to ensure that (i) the Company, the Committee and this Charter remain in compliance with

the corporate governance provisions thereof; and (ii) that the Committee is able to perform its duties and responsibilities under this Charter.

31. If applicable, the Committee shall provide that any “going concern” qualification in an audit opinion be disclosed through the Company’s issuance of a press release.

Processes

Management shall prepare annually, for review and approval by the Committee, detailed procedures and processes for carrying out the Committee’s duties and responsibilities. The Committee shall discuss such procedures and processes with management to provide, to the extent appropriate, that management and the Committee have a clear understanding thereof.

Grant of Authority; Limitation of Audit Committee’s Role

The Committee shall have the authority to conduct an investigation, or to direct an investigation by the independent auditors, into any matter related to the Company’s business and affairs. In addition, the Committee shall have the authority and funding to utilize internal company resources, and to retain such outside legal, accounting and other advisors to obtain such advice and assistance as it deems necessary or appropriate at any time in carrying out its duties and responsibilities under this Charter. The Company shall provide appropriate funding, as determined and approved by the Committee, for payment of compensation to the independent auditors for the purpose of rendering or issuing an audit report and to any consultants or experts employed by the Committee, and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

This Charter is not intended to, and shall not, alter the standards of conduct set forth in the Georgia Business Corporation Code (the “GBCC”) and the Financial Institutions Code of Georgia (the “FICG”), each as amended, for directors, including those directors who serve as Committee members. Members of the Committee shall have the duties and the benefits of all limitations and protections from liabilities provided by the GBCC and the FICG and other applicable laws and regulations with respect to their service on the Committee. Further, nothing herein is intended to or shall limit the responsibilities, duties and liabilities of the independent auditors to the Company, the Board or the Committee.

Meetings

The Committee shall meet on an as needed basis, but not less frequently than quarterly. Meetings shall be called as needed to discuss any significant issues, including those related to the review of any Form 10-Q or Form 10-K by the Company’s independent auditors, the necessity of filing any 8-K and the disclosure of information in proxy statements.

The Board shall appoint a member of the Committee with appropriate accounting or financial management experience to serve as the Committee’s Chairperson. If a Committee Chairperson is not designated or present at a meeting, then the members of the Committee may designate a Chairperson by majority vote of the Committee membership, *provided that* the person serving as Chairperson should have significant accounting or financial management experience.

The Committee Chairperson may request any officer or employee of the Company, or the independent auditor or outside counsel, to attend a Committee meeting or to meet with any members of or consultants to the Committee. It is intended that any management representative present at a meeting of

the Committee withdraw for a period at the end of such meeting so as to permit discussion in private with the independent auditors and among Committee members generally.

The Committee shall maintain, as part of the Company's permanent records, written minutes of the proceedings and actions of the Committee and shall make such reports to the Board as may be requested by the Board or the Chairperson thereof.

The Committee shall periodically meet separately with management, with internal auditors (or other personnel responsible for the internal audit function) and with the independent auditors.

Review and Approval

The Committee shall, at least annually, review and reassess this Charter.

The Audit Committee Charter was duly adopted and approved by the Audit Committee of the Board of Directors of Crescent Banking Company, and became effective, as of February 19, 2009.

This Audit Committee Charter has been reviewed, reassessed and amended by the Audit Committee of the Board of Directors of Crescent Banking Company, and is effective, as of February 19, 2009.

Name: John S. Dean, Sr.
Title: Chairman of the Audit Committee of the
Board of Directors of
Crescent Banking Company