

*As of February 19, 2019*

## **FIRST MIDWEST BANCORP, INC.**

### **AUDIT COMMITTEE CHARTER**

#### Purpose of Committee

The purpose of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of First Midwest Bancorp, Inc. (the “**Company**”) is to assist the Board in its oversight of: (1) the integrity of the financial statements of the Company and the Company’s systems of internal control over financial reporting; (2) the Company’s compliance with legal and regulatory requirements relating to financial reporting and disclosure; (3) the independence, qualifications and performance of the Company’s independent registered public accounting firm (the “independent auditors”); and (4) the performance of the Company’s internal audit function.

#### Membership of Committee

The Committee shall consist of three or more members of the Board, each of whom the Board has determined to be “independent” under the rules of The Nasdaq Stock Market, as such rules may be modified from time to time, and to meet all other requirements for audit committee members under the listing standards of the Nasdaq Stock Market, the U.S. Securities and Exchange Commission (the “SEC”), the Sarbanes-Oxley Act of 2002 (the “**Sarbanes-Oxley Act**”) and other applicable laws and regulations. In addition, at least one member of the Committee shall be a “financial expert” as defined by the rules of and regulations of the SEC. Members of the Committee shall not accept any consulting, advisory or other compensatory fee from the Company, other than for Board or Committee service (which shall not include amounts paid under a deferred compensation plan for prior Board service with the Company) and shall not be an affiliate of the Company or any of its subsidiaries.

Members shall be appointed by the Board based on nominations recommended by the Board’s Nominating and Corporate Governance Committee and shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

Candidates to fill vacancies on the Committee also shall be nominated by the Nominating and Corporate Governance Committee and appointed by the Board. A Committee member may resign from the Committee at any time by giving written notice to the Board, without resigning as a director, but a Committee member shall automatically cease to be a member of the Committee upon either ceasing to be a member of the Board or ceasing to be “independent” as defined above.

#### Committee Structure and Operations

The Board shall designate one member of the Committee as its chairperson. The Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), quorum, action without meetings, notice, waiver of notice and voting requirements as are applicable to the Board.

Any communications between the Committee and counsel in the course of obtaining legal advice will be considered privileged communications of the Company, and the Committee will take all necessary steps to preserve the privileged nature of those communications.

### Meetings

The Committee shall meet in person or telephonically at least four times per year at a time and place determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson. The Committee shall meet privately in executive session as needed, but at least annually. The Committee shall meet separately periodically with management (including the employee who has responsibility for internal audit services at the Company) and the Company's independent auditors to discuss matters warranting Committee attention. The Committee may request any officer or employee of the Company, the Company's outside counsel or the Company's independent auditors to attend a meeting of the Committee or to meet with any members of the Committee.

The Committee shall document and maintain records of its proceedings, including maintaining minutes of each Committee meeting.

### Committee Duties and Responsibilities

The Committee shall have and carry out the following duties and responsibilities:

#### Independent Auditors

- Sole authority and responsibility to appoint, retain, or terminate the Company's independent auditors (subject, if applicable, to stockholder ratification, provided that stockholder ratification shall not be determinative where it is obtained solely on a non-binding, advisory basis). The Committee shall be directly responsible for the approval of the compensation and fees, as well as the oversight of the work, of the independent auditors (including, without limitation, resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditors are to report directly to the Committee.
- Pre-approve all audit services, internal control services and permissible non-audit services (including the terms thereof) provided to the Company by the independent auditors, subject to the de-minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934 that are approved by the Committee prior to the completion of the audit of Company's financial statements of the relevant year. The Committee may delegate its approval authority to one or more of its members, provided any such approvals are presented to the Committee at a subsequent meeting of the Committee.
- Oversee the annual evaluation of the independent auditors and the lead (or coordinating) audit partner having primary responsibility for the audit of the Company's financial statements.

- Ensure the timely rotation of the independent auditors' lead (or coordinating) audit partner having primary responsibility for the audit of the Company's financial statements.

### Financial Statements

- Discuss with management and the independent auditors the Company's (a) annual audited and quarterly unaudited financial statements (and the Company's disclosures under the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Controls and Procedures" sections) included in the Company's annual reports on Form 10-K and quarterly reports on Form 10-Q; (b) the Company's annual reports on Form 11-K; and (c) the annual financial statements of the Company's defined benefit pension plan. The Committee shall recommend to the Board whether the audited financial statements of the Company should be included in the Company's annual report on Form 10-K.
- Discuss with management and the independent auditors significant financial reporting matters, including, without limitation (a) issues and judgments made in connection with the preparation of the Company's financial statements; (b) significant accounting matters, including any significant changes in the Company's selection or application of accounting principles; (c) significant off-balance sheet items, if any; and (d) the effect of accounting and regulatory initiatives on the Company's financial statements.
- Discuss reports from the independent auditors on (a) all critical accounting policies and practices used or to be used by the Company; (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 auditors; and (c) other material written communications between the independent auditors and management, including any management letter, letter regarding internal controls or schedule of audit adjustments to the financial statements recommended by the independent auditors, whether such adjustments were or were not made by management.
- Discuss with management and, as appropriate, the independent auditors, the form and content of the Company's earnings press releases, including the use of pro forma or adjusted financial information that is presented not in accordance with generally accepted accounting principles in the United States, as well as financial information and earnings guidance.
- Discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards ("SAS") Nos. 110 (AU Section 318) and 114 (AU Section 380) 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, as well as any other matter required to be discussed by any other SAS or in accordance with the Public Company Accounting Oversight Board Auditing Standard No. 1301.
- Discuss with the independent auditors the overall planning and scope of their audits of the Company's financial statements and its internal control over financial reporting.

- Review and assess the procedures governing the hiring by the Company of any current or former employee of independent auditors.

### Internal Control

- Discuss with management and the independent auditors their reports on internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act.
- Discuss with the Company's Chief Executive Officer and Chief Financial Officer their certifications to be provided pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act and Securities Exchange Act of 1934, including any significant deficiencies in the design or operation of the Company's 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.
- Review annually a report by the independent auditors describing (a) the independent auditors' internal quality control procedures; (b) any material issues raised by the most recent internal quality control review, peer review, or governmental or other inquiry or investigation; and (c) all relationships between the independent auditors and the Company. Based on the report, discuss the independence, qualifications, and performance of the independent auditors. Consider whether the provision of permissible non-audit services is compatible with maintaining the auditors' independence.
- In consultation with management and the independent auditors, monitor the integrity, adequacy and effectiveness of the Company's accounting and financial reporting processes, systems of internal controls, and disclosure controls and procedures.

### Internal Audit

- Discuss annually with the audit services director the timing, scope and execution of the internal audit plan, the implementation by management of significant audit recommendations and the adequacy of the resources of the internal audit function.
- Oversee compliance by the internal audit function with *Amended Interagency Guidance on the Internal Audit Function and its Outsourcing*, as promulgated by the banking regulators.
- Establish 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 the Company of concerns regarding questionable accounting or auditing matters.
- Discuss annually with the Chief Executive Officer the compensation and performance of the Company's audit services director and the structure, resources and expertise of the internal audit function.
- Oversee the appointment, retention or termination of the Company's audit services director and outsourced internal audit service provider. Discuss with management the compensation and performance of the audit services director.

## Compliance

- Obtain reports from management with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations relating to financial reporting and disclosure, internal audit, the Company's Code of Ethics and Standards of Conduct and the Company's Code of Ethics for Senior Financial Officers.
- Discuss with management and the independent auditors any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.
- Discuss with management (and the Company's legal counsel, as appropriate) any legal matters that may have a material impact on the Company's financial statements.

## Reporting Responsibilities

- Regularly report (in writing or orally) to the Board on Committee activities, issues and related recommendations.
- Provide an open avenue of communication between the internal auditors, the independent auditors and the Board.
- Approve a report of the Committee or other disclosures required by the rules of the SEC to be included in the Company's annual meeting proxy statement or annual report to stockholders.
- Review any other reports the Company issues that relate to the Committee's responsibilities.

## Other Responsibilities

- Perform any other duties or responsibilities consistent with this Charter as the Committee deems necessary or appropriate, or as may be expressly delegated to the Committee by the Board from time to time.
- Confirm annually that all responsibilities outlined in the Charter have been carried out.
- Perform annually a self-assessment of the Committee's performance.
- Review and assess annually the adequacy of this Charter and recommend any proposed changes to the Board for approval.

In carrying out the purposes of this Charter, the Committee may develop a checklist of specific actions to be taken or such other policies and procedures that the Committee deems necessary or appropriate to discharge its duties and responsibilities.

### Delegation

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee or another committee of the Board. The Committee shall receive reports or communications from those bodies to whom delegation was made, as deemed appropriate.

### Resources and Authority of Committee

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special or independent counsel, accountants, or other experts as the Committee deems appropriate, without seeking approval of the Board or management. The Committee shall be provided with appropriate funding, as determined by the Committee, for payment of compensation to the independent auditors and any other advisors engaged by the Committee, and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee is empowered to investigate without limitation as it deems appropriate any matter brought to its attention, with full access to all necessary books, records, facilities, personnel and resources of the Company.

### Limitations of Audit Committee Role

In carrying out its duties and responsibilities, it is recognized that the members of the Committee serve solely in an oversight function, and the Committee relies on the expertise and knowledge of management, the independent auditors and the internal auditors. It is not the duty of the Committee to plan or conduct audits, to determine that the financial statements are complete and accurate and in accordance with generally accepted accounting principles or to conduct investigations or other types of auditing or accounting reviews or procedures. Management of the Company is responsible for determining that the Company's financial statements are complete, accurate and prepared in accordance with generally accepted accounting principles. Management also is responsible for maintaining appropriate accounting and financial reporting principles and policies, and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and carrying out a proper audit of the Company's financial statements and internal control over financial reporting. The internal auditors are responsible for evaluating the adequacy and effectiveness of the Company's processes and system of internal controls to achieve the Company's stated goals and objectives.

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