

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. Audit Committee Purpose

The Audit Committee is appointed by the Board of Directors of QCR Holdings, Inc. (“Company”) to assist the Board in fulfilling its oversight responsibilities with respect to:

- Monitoring the integrity of the Company’s accounting and financial reporting process, financial statements and reports provided to governmental bodies or the public and systems of internal controls regarding finance, accounting, regulatory and legal compliance.
- Monitoring the independence, qualifications and performance of the Company’s independent auditors and internal auditing department.
- Providing an avenue of communication among the independent auditors, management, the internal audit department and the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company’s expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties. The Company will also provide funding for any ordinary administrative expense of the Audit Committee that is necessary or appropriate in carrying out its duties

II. Audit Committee Composition and Meetings

The Audit Committee shall be comprised of three or more directors, each of whom shall be independent directors, free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee, and each of whom shall satisfy the independence requirements of the Nasdaq stock market, any other stock exchange upon which securities of the Company are listed and the Securities and Exchange Commission (“SEC”).

All members of the Audit Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements. The Audit Committee shall inform the full Board of Directors on an annual basis whether the Audit Committee believes that a member of the Audit Committee possesses accounting or related financial management expertise sufficient to qualify as an “audit committee financial expert” as defined by the rules and regulations of the SEC. Audit Committee members shall be appointed by the Board and the Board shall evaluate member independence and financial sophistication. Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies. If an Audit Committee Chair is not designated or present, the members of the Audit Committee may designate a Chair by majority vote of the Audit Committee membership.

The Audit Committee shall meet at least once quarterly, or more frequently as circumstances dictate. The Audit Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Audit Committee should meet in executive session at each Audit Committee meeting with the director of the internal auditing department and the independent auditors to discuss any matters that the Audit Committee or each of these groups believes should be discussed. The Audit Committee will also meet in executive session without management, the director of internal audit or the independent auditor. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. In addition, the Audit Committee, or at least its Chair, should communicate with management, the internal audit department and the independent auditors at least quarterly to review the Company's financial statements and significant findings based upon the auditors limited review procedures. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate. The Audit Committee shall periodically report on its meetings and other activities to the Board of Directors and shall keep accurate minutes of its meetings and shall present such minutes to the Board of Directors for its approval.

III. Audit Committee Responsibilities and Duties

Review Procedures

1. Review and reassess the adequacy of this Charter at least annually. Publish the Charter in accordance with SEC regulations.
2. Review the Company's annual audited financial statements prior to filing or distribution. Review should include discussion with management, the internal audit department and independent auditors of significant issues regarding accounting principles, practices and judgments. The Committee shall resolve any disagreements between management and the independent auditor.
3. In consultation with management, the independent auditors and the internal auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the independent auditors and the internal audit department together with management's responses.
4. Review with financial management and the independent auditors the Company's quarterly financial results prior to the release of earnings and/or the Company's quarterly financial statements prior to filing or distribution. Discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors in accordance with SAS 61 (see item 11 below). The Chair of the Committee may represent the entire Audit Committee for purposes of this review.
5. Review management's assertion on its assessment of the effectiveness of internal controls and the independent auditor's report on management's assertion as required by the Sarbanes-Oxley Act and any other applicable regulatory requirement.

Independent Auditors

6. Review the independence and performance of the independent auditors and have sole authority over the appointment, retention, discharge or replacement of the independent auditors. The independent auditors shall report directly to the Audit Committee.
7. Approve the fees and other significant compensation to be paid to the independent auditors.
8. On an annual basis, the Audit Committee should receive from the independent auditors a written statement delineating all relationships between each independent auditor and the Company and discuss with each independent auditor all significant relationships it has with the Company that could impair the auditor's independence and the qualifications and performance of the independent auditor.
9. Review the independent auditors' audit plan and engagement letter – discuss scope, staffing, locations, reliance upon management and internal audit and general audit approach and each firm's internal quality control procedures.
10. Pre-approve all auditing services and permitted non-auditing services (including the fees and terms thereof) to be performed for the Company by its independent auditors as required and permitted by Section 10A(i)(1) of the Exchange Act of 1934. Such pre-approvals may be made pursuant to policies and procedures established by the Audit Committee in accordance with SEC rules and other guidance.
11. Prior to releasing the year-end earnings, discuss the status of the audit with the independent auditors. The Chairman may represent the Committee.
12. Discuss certain matters required to be communicated to audit committees in accordance with PCAOB Standard AS-16.
13. Receive and discuss with management and the independent auditors the letter from the independent auditors regarding the auditors' independence required by the Independence Standards Board No. 1 (Independence Discussions with Audit Committees), as such Standard may be modified or supplemented from time to time.
14. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

Internal Audit Department and Legal Compliance

15. Review the audit plan, changes in plan, activities, organizational structure and qualifications of the internal audit department at least annually. The internal audit department shall be responsible to senior management, but have a direct reporting responsibility to the Board of Directors through the Audit Committee. Changes in the Director of Internal Audit shall be subject to Audit Committee approval.
16. Review the appointment, performance and replacement of the Director of Internal Audit. The Chair of the Committee may represent the entire Audit Committee for purposes of this review.

17. Review significant reports prepared by the internal audit department together with management's response and follow-up to these reports.
18. As appropriate, review with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.
19. Review all reports concerning any significant fraud or regulatory noncompliance that may occur at the Company. This review should include consideration of the internal controls that should be strengthened to reduce the risk of a similar event in the future.

Other Audit Committee Responsibilities

20. Annually prepare a report to shareholders as required by the rules of the SEC for inclusion in the Company's annual proxy statement.
21. Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, as the Audit Committee or the Board deems necessary or appropriate.
22. Maintain minutes of meetings and periodically report to the Board of Directors on significant results of the foregoing activities.
23. 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 concerns regarding questionable accounting or auditing matters.
24. Periodically evaluate the Audit Committee's performance.
25. The Committee will: (a) make its members aware of educational seminars and programs that serve to increase the members' knowledge and awareness of issues of importance and relevance to the Committee; (b) encourage attendance by one or more members at events, where appropriate; and (c) record and report as requested, training programs or seminars attended by the Committee in each calendar year.