

**INTERVEST BANCSHARES CORPORATION**  
**AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**  
**CHARTER**

**Purpose**

The Audit Committee is appointed by the Board of Directors (the "Board") of Intervest Bancshares Corporation to assist the Board in monitoring (1) the integrity of the financial statements of Intervest Bancshares Corporation (the "Company"), (2) the Company's independent auditors' qualifications and independence, (3) the performance of the Company's internal audit function and independent auditors, and (4) compliance by the Company with legal and regulatory requirements.

The Audit Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the "SEC") to be included in the Company's annual proxy statement.

The Audit Committee serves as the Audit Committee for Intervest Bancshares Corporation and its wholly owned subsidiary, Intervest National Bank. As such, it is also the Audit Committee required by the rules of the Comptroller of the Currency. References in this charter to the "Company" shall include reference to the Company's subsidiary, as appropriate.

**Composition**

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent directors, and 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. Audit Committee members shall meet the independence and educational requirements of the NASDAQ Corporate Governance Rules, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations of the Commission. Among other things, all members of the Audit Committee shall have a working familiarity with basic finance and accounting practices. Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or outside consultants.

The members of the Audit Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless a Chairperson is elected by the full Board, the members of the Audit Committee may designate a Chairperson by majority vote of the full Audit Committee membership.

**Meetings**

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee shall meet privately in executive session at least annually with management and the independent auditors separately to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or at least its Chairperson should meet with the independent auditors and management quarterly to review the Company's financial statements.

**Responsibilities and Duties**

The Audit Committee shall have the sole authority to appoint or replace the independent auditors of the Company and its subsidiaries. The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditors (including 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 shall report directly to the Audit Committee.

The Audit Committee shall preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditors, subject to the de minimus exception for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act which are approved by the Audit Committee prior to the completion of the audit.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditors for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval. The Audit Committee will see that this charter is published at least every three years in accordance with SEC regulations.

The Audit Committee, to the extent it deems it necessary or appropriate, shall:

### Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditors the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Report on Form 10-K.
2. Review and discuss with management and the independent auditors the Company's (and its subsidiaries') quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditors' reviews of the quarterly financial statements.
3. Discuss with management and the independent auditors 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 deficiencies.
4. Review and discuss quarterly reports from the independent auditors on:
  - (a) All critical accounting policies and practices to be used.
  - (b) All alternative treatments of financial information with 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 auditors.
  - (c) Other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
5. 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. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
6. Discuss with management and the independent auditors the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements.
7. 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.
8. Discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
9. Review disclosures made to the Audit Committee by the Company's chief executive and chief financial officers during their certification process for the Reports on Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of 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.

### Oversight of the Company's Relationship with the Independent Auditors

10. Obtain and review a report from the independent auditors at least annually regarding (a) the independent auditors' internal quality control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firms, 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 firms, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditors and the Company. Evaluate the qualifications, performance and independence of the independent auditors, including considering whether the auditors' quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditors' independence, and taking into account the opinions of management and the internal auditors. The Audit Committee shall present its conclusions with respect to the independent auditors to the Board.
11. Discuss with the independent auditors the planning and staffing of the Company's annual audit.

### Oversight of the Internal Audit Function

12. Review the appointment and replacement of the Company's internal auditors and review and approve the plan for internal audits.
13. Review the significant reports to management prepared by the internal auditors and management's responses.
14. Discuss with the independent auditor and management the internal audit function responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.

15. Meet with the internal auditors to review the progress of their internal audits and to discuss any significant findings and recommendations.

16. Review and approve the audit scope, procedures and frequencies to ensure they are commensurate with the Company's activities and risks.

17. Conduct an annual review of the internal auditor's expertise and job performance, which review will include an assessment of the independence of the internal audit function from management.

18. Require the internal auditor to provide ongoing written reports containing an outline and general overview of audit activities during the audit period. The reports shall be issued timely and distributed to each member of the Committee, as well as the Company's Chairman and Chief Financial Officer.

19. Require the internal auditor to include in each report a copy of the annual audit plan matrix, which matrix will be updated to reflect the completion of each segment of the annual plan, so as to enable the Committee to monitor performance against the annual plan.

#### Compliance Oversight Responsibilities

20. Obtain from the independent auditors assurance that Section 10A(b) of the Exchange Act has not been implicated.

21. Obtain reports from management, the Company's internal auditors and the independent auditors that the Company and its subsidiaries are in conformity with applicable legal requirements and the Company's Code of Ethics. Review reports and disclosures of insider and affiliated party transactions and review and approve all related-party transactions. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Ethics.

22. 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.

#### **Limitation of Audit Committee's Role**

While the Audit Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditors.