

## **KENTUCKY FIRST FEDERAL BANCORP AUDIT COMMITTEE CHARTER**

### **Organization**

The primary function of the Audit Committee of the Board of Directors (the “Board”) of Kentucky First Federal Bancorp (the “Company”) is to review: the integrity of the financial reports and other financial information provided by the Company to any governmental body or the public, including any certification, report, opinion, or review performed by the Company’s independent accountants; the Company’s compliance with legal and regulatory requirements; the independent accountant’s qualifications and independence; the performance of the Company’s internal audit functions, its independent accountants, and system of internal controls and disclosure procedures regarding finance, accounting, legal compliance, and ethics that management and the Board have established; the Company’s auditing, accounting, and financial reporting processes generally; and the preparation of information required by the Securities and Exchange Commission rules to be included in the Company’s annual proxy statement.

The Audit Committee will be comprised of three or more directors as determined by the Board each of whom shall satisfy the definition of independent directors as defined in any qualitative listing requirements for The Nasdaq Stock Market, Inc., issuers and any applicable Securities and Exchange Commission rules and regulations. All members of the Audit Committee must be financially literate at time of appointment, or within a reasonable period of time thereafter, meaning they must have the ability to read and understand fundamental financial statements, including the Company’s balance sheet, income statement, and cash flow statement. In addition, at least one member of the Audit Committee shall have past employment in finance or accounting, requisite professional certification in accounting, or any comparable experience or background which results in the individual’s financial sophistication, including having been a chief executive officer, chief financial officer, or other senior officer with oversight responsibilities. The members of the Audit Committee will be appointed by the Board on an annual basis.

### **Responsibilities**

In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure the directors and shareholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality. To fulfill its responsibilities and duties, the Audit Committee shall:

1. Provide an open avenue of communication between management, the independent auditor, internal audit functions, and the Board.
2. Meet four times per year or more frequently as circumstances may require. A quorum of the Audit Committee shall be declared when a majority of the appointed members of the Audit Committee are in attendance.
3. The Audit Committee or the Audit Committee Chair acting on the Committee's behalf shall meet with the independent auditors and management at least quarterly to review the Company's financial statements. At least annually, the Committee will meet in full with the independent auditors. These meetings may be conducted by telephone. In meetings attended by independent auditors or by regulatory examiners, a portion of the meetings will be reserved for the Audit Committee to meet in closed session with these parties.
4. Keep written minutes of all meetings
5. Review with the independent auditor the work to be performed to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
6. Review all significant risks or exposures to the Company found during audits performed by the independent auditor and internal audit function to ensure that these items are discussed with management. From these discussions, assess and report to the Board regarding how findings should be addressed.
7. Review recommendations from the independent auditor and internal audit function regarding internal controls and other matters relating to the accounting policies and procedures of the Company.
8. As needed, the chairman of the committee will submit a record of the meeting to the Board regarding any recommendations that the Committee may deem appropriate.
9. Ensure that the independent auditor discusses with the Audit Committee their judgements about the quality, not just the acceptability, of the Company's accounting principles as applied in the financial reports. The discussion should include such issues as the clarity of the Company's financial disclosures and degree of aggressiveness or conservatism of the Company's accounting principles and underlying estimates and other significant decisions made by management in preparing financial disclosures.

10. Review the Company's audited annual financial statements and the independent auditor's opinion regarding such financial statements, including a review of the nature and extent of any significant changes in accounting principles.
11. Arrange for the independent auditors to be available to the full Board at least annually to discuss the results of the annual audit and the audited financial statements that are part of the annual report to shareholders.
12. Review with management, the independent auditor, management instead of internal audit department and legal counsel, legal and regulatory matters that may have a material impact on the financial statements.
13. Review with management and the independent auditor all interim financial reports filed pursuant to the Securities Exchange Act of 1934
14. Generally discuss earnings press releases and financial information as well as earnings guidance provided to analysts and rating agencies, if applicable.
15. Select the independent auditor, considering the independence and effectiveness, and be solely responsible for their compensation, oversight, and retention (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work, and each such registered public accounting firm shall report directly to the audit committee. The Audit Committee should confirm the independence of the independent auditor by requiring them to disclose in writing all relationships that, in the auditor's professional judgement, may reasonably be thought to bear on the ability to perform the audit independently and objectively.
16. Review the performance of the independent auditor
17. Review the process by which the internal audit function is performed at the two subsidiary banks. Each audit committee member is a member of one of the subsidiary's board of directors and as such receives reports regarding the internal audit activities. Serious risks, oversights, or failure to perform should be immediately reported to the Audit Committee.

18. Be authorized to retain independent counsel and other advisors as it deems necessary to carry out its duties and to assist it in the conduct of any investigation. In connection therewith, the Audit Committee shall be provided appropriate funding as determined by the Audit Committee for payment to accountants and auditors.
19. Have in place procedures for (1) receiving complaints regarding accounting, internal accounting controls, or auditing matters, and (2) the confidential, anonymous submission by employees of concerns regarding questionable accounting.
20. Approve, in advance, all permissible non-audit services to be completed by the independent auditor. Such approval processes will ensure the independent auditor does not provide any non-audit services to the Company that are prohibited by law or regulation.
21. The company does not intend to hire employees or former employees of the independent auditor.
22. Review and approve all related-party transactions.

In addition to the responsibilities presented above, the Audit Committee will examine this Charter on an annual basis to assure that it remains adequate to address the responsibilities that the Audit Committee has. Further, the Audit Committee will disclose in each annual proxy statement to its shareholders, whether it satisfied the responsibilities during the prior year in compliance with the Charter, and will disclose a copy of the Charter every three years either in the annual report to shareholders or proxy statement.