

# **AUDIT AND RISK COMMITTEE CHARTER**

## I. Purpose

The Boards of Directors of California BanCorp (the “Bancorp”) and California Bank of Commerce, N.A. (the “Bank”, and together with the Bancorp, the “Company”) have established a joint Audit and Risk Committee (the “Committee”), with the authority, responsibilities, and specific duties as described in this charter. References herein to the “Board” or “Board of Directors”) are the boards of directors of both the Bancorp and the Bank, as applicable. The purpose of the Committee is to assist the Board with overseeing: i) the integrity of the Company’s financial statements, accounting and financial reporting process, and related systems of internal controls; ii) the audit process, including the qualifications, independence and performance of audit services function and the audits of the Company’s financial statements; iii) risk management activities, including the establishment of the Company’s enterprise risk management framework that encompasses all enterprise risk categories applicable to the Company; and iv) compliance with legal and regulatory requirements related to its purpose.

## II. Membership

### A. Appointment and Removal

The members of the Committee and the Committee Chair are appointed by and serve at the discretion of the Board. Committee members may be removed, without cause, by an affirmative vote of the majority of the Board at any time. Any Committee member may resign effective upon giving oral or written notice to the Chairman of the Board, the Corporate Secretary or the full Board (unless the notice specifies a later time for the effectiveness of such resignation).

The Board shall consider, in appointing members, the mix of skills and experience necessary to effectively oversee financial reporting, audit, and risk management activities, including experience in banking, risk management, cybersecurity, or regulatory compliance.

### B. Constitution of the Committee

The Committee shall be comprised of at least three (3) members of the Board of Directors. Each member of the Committee will be an “independent” director under the applicable listing rules of the Nasdaq Market LLC (“Nasdaq Rules”) and Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), Rule 10A-3 promulgated under the Exchange Act, and all other applicable rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”) for Audit and Risk Committee members and any standards prescribed for purposes of any federal securities, tax, banking, or other laws relating to the Committee’s duties and responsibilities.

In addition, no Committee member i) shall have participated in the preparation of the financial statements of the Company or any of its current subsidiaries at any time during the past three years; ii) other than in his or her capacity as a member of the Board of Directors or of the Committee, may accept any consulting, advisory or other compensatory fee from the Company; iii) may be an officer, employee, or affiliated person of the Company or any parent or subsidiary thereof; iv) shall be a “large customer” (as determined by the Board in accordance with the guidelines of the FDIC at 12 CFR Part 363, Appendix A).

Each member of the Committee also must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, cash flow statement, and related Notes. In addition, at least one member of the Committee shall, in the judgment of the Board, be an "Audit Committee financial expert" in accordance with the SEC rules and regulations, and at least one member (who may also serve as the "Audit and Risk Committee financial expert") shall, in the judgment of the Board, be financially sophisticated in accordance with the Nasdaq Rules.

### III. Meetings

The Committee will meet at least four (4) times a year, with authority to convene additional meetings, as circumstances require and with agendas structured to ensure sufficient time is allocated to both audit and risk management oversight responsibilities.

In lieu of a meeting, the Committee may act by unanimous written consent. Members of the Committee may participate in meetings in person, by video or teleconference. A majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which a quorum is present shall be the act of the Committee. In the absence of a quorum, a majority of the members of the Committee present may adjourn any meeting, from time to time, until a quorum is present. No notice of any adjourned meeting need be given other than by announcement at the meeting that it is being adjourned. The Committee may invite members of management, auditors, consultants, outside counsel or other advisors to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of the Committee meetings will be prepared.

### IV. Authority

The Committee has the authority, to the extent it deems necessary or appropriate in its sole discretion to:

- Retain independent legal, accounting, or other advisors, including risk management and other consultants, to advise the Committee or assist in the conduct of an investigation or otherwise in connection with the discharge of its duties and responsibilities.
- Obtain any information it requires from the management and employees of the Company, all of whom are directed to cooperate with requests from the Committee or external parties.
- Obtain from the Company sufficient funding for compensation of the independent registered public accounting firm ("External Auditor") or any outsourced internal

auditor, for retention of legal, accounting, and other advisors and for payment of the Committee's administrative expenses.

- Meet with members of management, auditors, consultants, outside counsel, or other advisors as necessary in executive session.
- The Committee, on its discretion, may delegate all or portions of its duties and responsibilities to a subcommittee of the Committee.
- Escalate to the full Board any matters that the Committee determines to be significant with respect to financial reporting, internal control, audit, or risk management.

#### **V. Duties and Responsibilities**

The Audit and Risk Committee will carry out the following responsibilities:

- Financial Reporting
  - Review significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas, recent professional and regulatory pronouncements, and understand their impact on the financial statements.
  - Review and discuss with management and the External Auditor the results of the independent financial statement audit, including any difficulties encountered.
  - Review and discuss with the External Auditor any significant disagreements with management, and management's response.
  - Review and discuss with management and the External Auditor the accuracy and completeness of the report of (i) financial statements and related footnotes to be included in the Company's Annual Report; (ii) appropriateness of management's discussion and analysis of operations in SEC filings and the consistency of such discussion and analysis with the financial statements included in such filings; (iii) critical accounting policies and practices; (iv) alternative treatments of financial information under Generally Accepted Accounting Principles and the ramifications of the use of such alternative treatments and the treatment preferred by the auditors; (v) other material written communications between the auditors and management; (vi) External Auditor's judgment about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments and estimates, and the clarity of the disclosures; and (vii) other sections of the Annual Report and related regulatory filings.
  - Review and discuss with management (i) its evaluation of the Company's internal control over financial reporting, and at least quarterly management's conclusions as to the efficacy of such internal controls and procedures; (ii) any significant deficiencies or material weaknesses in the design or operation of the Company's internal control over financial reporting and any material changes in internal controls; and (iii) any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

- Review and discuss with management and the External Auditor all matters required to be communicated to the Committee under standards of the Public Company Accounting Oversight Board, the SEC, and applicable provisions of 12 C.F.R. 363.
- Review and discuss interim and annual financial reports with management and the External Auditor prior to the filing of such interim financial reports, including the Company's Quarterly Report on Form 10-Q and Annual Report on Form 10-K . The Chair of the Committee or their designee may represent the entire Committee for the purposes of this review.
- Review disclosures made by the Company's CEO and CFO as part of their SOX certification process for the Form 10-K and Form 10-Q and review and discuss with management its process for performing its required certifications.
- Internal Control
  - Discuss with management, the Company's audit liaison, the External Auditor, and internal audit the adequacy and effectiveness of the Company's internal controls over financial reporting.
  - Understand the scope of internal audit, consultants, outside counsel, other advisors, or External Auditor review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Internal Audit
  - The Committee is responsible for overseeing the internal audit process, determining the scope of and scheduling of internal audit activities. The Bank will be guided by the "Interagency Policy Statement on the Internal Audit Function and its Outsourcing" (FDIC Financial Institution Letter (FIL--133--97). dated December 22, 1997; amended at (FIL--21--2003), dated March 17, 2003), as amended from time to time.
  - Review the appointment or replacement of the audit liaison. The audit liaison shall be a competent employee who acts as the liaison between the internal audit function and the Committee. The liaison reports directly to the Committee solely to communicate internal audit issues.
  - The liaison will have no managerial responsibility for the areas under audit and will oversee the outsourcing vendor's performance under the contract. The oversight includes:
    - Assisting with the annual risk assessments
    - Coordinating schedules
    - Management of reports
    - Assisting with communications
  - Review and approve the scope of the annual internal audit plan and major changes to the plan, utilizing a risk-based approach giving due consideration to the size of the Company and the nature and scope of its activities.
  - Oversee the timely and effective execution of the internal audit process, including resolution of any obstacles to completion. Receive reports from the internal audit

regarding major findings and evaluate management's response in addressing the reported conditions. Monitor and coordinate resolution of open audit and examination issues.

- Ensure that the internal audit function, has both adequate resources and access to all necessary records, property and communications with Bank employees.
- Annually review the effectiveness of the internal audit function, including conformance with The Institute of Internal Auditors' Code of Ethics and the International Standards for Professional Practice of Internal Auditing.
- Review the appointment, replacement, and compensation of the outsourced internal audit firm(s). Evaluate the performance of, and where appropriate, replace the internal audit resources. One or more representatives of any outsourced internal audit firm(s) will report directly to the Committee Chair and administratively to the Company's audit liaison, when appropriate.
- Ensure the internal audit function maintains organizational independence and has direct and unrestricted access to the Committee.
- Independent Financial Statement Audit
  - Appoint, compensate, terminate, and oversee the work of any External Auditor, including the qualifications and performance of the External Auditor.
  - Review and approve the terms of the engagement letter to ensure compliance with 12 C.F.R. 363.5(c), relating to certain prohibitions against indemnification and limitation of liability. Receive a formal written statement delineating all relationships between the External Auditor and the Company, actively engaging in a dialogue with the External Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the External Auditor and for taking, or recommending that the full Board take, appropriate action to oversee the independence of the External Auditor.
  - Review and discuss the External Auditor's proposed audit scope, timing, and approach, including coordination of audit effort with internal audit.
  - Review and discuss any significant risks identified during the risk assessment procedures.
  - Review and discuss the results, including significant findings, of the audit.
  - Review and discuss with the External Auditor evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit.
  - Pre-approve all audit and permitted non-audit services performed by the External Auditor. The Committee may delegate this authority to a member of the Committee who will inform the entire Committee of any approval taken pursuant to that delegated authority.
  - Resolve any disagreements between management and the External Auditor regarding financial reporting.

- Review and assess the lead audit partner and reviewing partner annually. Evaluate the overall effectiveness and quality of the external audit process, including audit scope, professional skepticism, and audit findings.
- Risk Management
  - Oversee the quality of compliance risk management, third party risk management, cybersecurity and information security risk management, and enterprise risk management, including periodic review of cybersecurity strategy and maturity, key risk indicators, and metrics, incident response readiness and significant security events, and results of penetration testing and vulnerability assessments.
  - Oversee, approve, and recommend to the Board management's establishment and operation of the Company's risk management framework, including establishing and maintaining a culture that instills the importance of effectively managing risk.
  - Oversee all risk management functions and activities of the Company (to the extent not delegated to another Committee of the Board of Directors) and ensure compliance with the Company's Principles of Business Conduct and Ethics Policy, including disclosures of insider and affiliated (related) party transactions.
  - Review with management the Company's significant policies, procedures, processes, and systems, and approve or recommend to the Board of Directors for approval, key risk management policies as requested by the Committee or required by regulation, for the identification and management of, and planning for risks on an enterprise-wide basis.
  - Review reports from management (including the Chief Risk Officer, CRA Officer, Chief Information Security Officer, Chief Credit Officer and other appropriate management committees) regarding risk management, including compliance with and review of performance relative to applicable risk-related policies, procedures, and tolerances.
  - Receive and review reports on selected risk topics, including emerging risks, as management or the Committee deems appropriate from time to time.
  - Ensure appropriate policies and procedures and in place for adherence to the self-dealing and conflict of interest provisions under 12 CFR Section 9.12.
  - Review and discuss with management significant regulatory reports and reported risk management deficiencies and remediation plans related to risk management.
  - Consult with other committees of the Board on risk-related matters, in such a manner as the Committee or its chair deems appropriate.
- Complaints
  - Establish, maintain, and review procedures for the receipt, retention, and treatment of "whistleblower" or other 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.
- Reporting Responsibilities

- Report to the Board of Directors on the activities of the Committee and related recommendations.
- Provide an open avenue of communication between the Committee, External Auditor, the internal audit function and management of the Company.
- Prepare, or cause to be prepared a report in a form and covering the matters required by the rules of the SEC to be included in the Company's proxy statement and/or Form 10-K. The report shall be reviewed and approved by the Committee.
- Other Responsibilities
  - Perform other activities related to this Charter as requested by the Board of Directors.
  - Institute and oversee special investigations as needed.
  - Review and assess the adequacy of the Committee Charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure of changes as may be required by law or regulation.
  - Annually ensure that all responsibilities outlined in this Charter have been carried out.
  - Establish and maintain an environment within the Company that promotes and encourages quality financial reporting, sound business risk management practices and ethical behavior.
  - In addition, to the extent and in the manner that the Company is legally required to do so by the rules of the SEC, the Committee will cause the Company to publicly file this charter (as then constituted) and publish it on the Company's website at <https://ir.californiabankofcommerce.com/corporate-overview/documents/default.aspx> .