

SHORE BANCSHARES, INC.

and

SHORE UNITED BANK, N.A.

Audit Committee Charter

I. Authority

The board of directors of Shore Bancshares, Inc. and Shore United Bank, N.A. (collectively, the “company”) establishes this Audit Committee (the “committee”) as a standing committee of the board to assist the board in overseeing the policies, procedures, and practices relating to financial reporting and external and internal auditing standards.

This charter is intended as a component of a flexible governance framework within which the board, assisted by its committees, directs the affairs of the company. It should be interpreted within the context of all applicable laws, regulations, listing rules and the company’s articles of incorporation, bylaws and Corporate Governance Guidelines. It is not intended to establish by its own force legally binding obligations.

II. Purpose

The purpose of the committee is to:

- Assist the board in monitoring: (1) the integrity of the company’s accounting and financial statements and reporting processes; (2) the qualifications, independence, and performance of the independent registered public accounting firm (the “independent auditors”); and (3) the qualifications and performance of the company’s internal audit department.
- Prepare the report required by the proxy rules of the Securities and Exchange Commission (“SEC”) to be included in the company’s annual proxy statement; and
- Perform the duties and responsibilities of the committee as specified by law, regulation, applicable listing rules, and this charter.

III. Committee Membership

The committee shall consist of at least three (3) members of the board, each of whom the board has determined to be “independent” under the listing standards of the Nasdaq Stock Market and any other applicable laws, rules, and regulations regarding independence as they are in effect from time to time.

All members of the committee must be able to read and understand the company’s fundamental financial statements and at least one member of the committee must have

employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication. At least two members of the committee shall also have banking or related financial management experience as required by 12 C.F.R. §363.5(b). No committee member shall simultaneously serve on the audit committees of more than two other public companies.

Upon determination by the board that any board member qualifies as an "audit committee financial expert," as defined by the SEC, at least one such member will be appointed to the committee.

The board, on the recommendation of the Governance Committee, shall appoint members of the committee and designate the chair, annually. Committee members shall serve at the pleasure of the board and for such term as the board determines.

IV. Duties and Responsibilities

A. Oversight And Relationship with the Independent Auditors. The committee shall

1. Be directly responsible for the appointment, compensation, retention, oversight (including resolution of disagreements between management and the independent accountants regarding financial reporting and internal controls), and termination of any independent accountants engaged for the purpose of preparing or issuing an audit report or performing other audit, review, and attest services. The independent auditor shall report directly to the committee, and the committee shall periodically meet with the independent auditors separately.
2. Review the qualifications and performance (effectiveness, objectivity, and independence) of the independent auditor at least annually. The committee shall oversee compliance with lead (or coordinating) and review partner and other rotation requirements by the independent auditor. This will include considering whether there should be regular rotation of the independent accounting firm itself.
3. Obtain and review the required written disclosures and letters from the independent auditor describing: (a) the firm's internal quality control procedures; (b) any material issues raised by the most recent internal quality-control review or peer review, or by any inquiry or investigation conducted by applicable authorities during the preceding five years and any steps taken to deal with such issue; and (c) all relationships between the independent auditor and the company. The committee shall actively engage in dialogue with the independent auditor with respect to any disclosed relationships or services that may affect the independence and objectivity of the independent auditor and shall take, or recommend that the board take, appropriate actions to oversee the independence of the independent auditor.

3. Approve the engagement of the independent auditors prior to the independent auditors rendering any audit or permissible non-audit services. The committee may adopt pre-approval policies and procedures and may delegate pre-approval authority to the committee chair between meetings. Any decisions of the chair pursuant to such delegated authority shall be presented to the committee at its next scheduled meeting.
4. Review and assess the overall scope and focus of the annual audit, including the scope and level of involvement with unaudited quarterly or other interim-period information.

B. Oversight of Internal Audit Function. The committee shall:

1. Oversee the internal audit function. The committee shall approve the appointment, replacement, reassignment, or dismissal of the head of internal audit. The committee shall annually review the performance of the head of internal audit. The committee will also provide input to the Compensation Committee regarding the appropriate compensation for the head of internal audit.
2. Review and approve an annual internal audit plan and regular reports on the results and findings of internal audits. The committee shall meet periodically with the head of internal audit in separate executive sessions.
3. Receive regular reports from the head of internal audit on the tracking and follow up of reported findings (including, but not be limited to, those reported by internal auditors, external auditors, regulators, and consultants) and recommendations and on management action plans and related remediation efforts.
4. The committee shall annually assess the continued adequacy of and recommend changes (if any) to the Audit Policy.
5. The committee shall periodically review the responsibilities, qualifications, activities, staffing, and performance of the internal audit function.

C. Monitor Financial Reporting, Disclosures and Risk Control Related Matters. The committee shall:

1. Review and discuss significant risks and exposures with management, the internal auditor, and the independent auditor and assess management's steps to mitigate them.
2. In consultation with the independent auditor and the internal auditor, review the integrity of the company's financial reporting processes (both internal and external), effectiveness of controls over financial reporting, and adequacy of disclosures.
3. Review and discuss the following with management, the internal auditor, and the independent auditor:

- a. The adequacy of the internal controls, including information technology system controls and security; policies and procedures and the resolution of identified material weaknesses and reportable conditions in internal controls.
- b. Any fraud that involves management or other employees who have a significant role in the company internal controls.
- c. Any significant findings and recommendations made by the independent auditor or internal auditor, together with management's related responses.
- d. All critical accounting policies and practices and any other material components of the company's financial statements involving management's judgment or estimates, and the quality of accounting principles and the clarity of financial disclosure practices used or proposed to be used by the company. This may also include any complex or unusual transactions.
- e. The alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use thereof, and the treatment preferred by the independent accountants, as well as any required or suggested changes in auditing or accounting practices or principles.
- f. Material off-balance sheet transactions, arrangements, obligations and other relationships and regulatory initiatives that may have a material current or future effect on the company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenue or expenses.
- g. Any material changes in accounting policies or practices and the impact thereof on the financial statements.
- h. In advance of filing or distribution, the annual audited financial statements, and quarterly financial statements, including (i) the independent auditor's review of quarterly financial statements prior to the filing of the company's Quarterly Report on Form 10-Q and (ii) the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations".
- i. Disclosures made by the CEO and CFO during the Forms 10-K and 10-Q certification process about significant deficiencies in the design or operation of internal controls.
- j. Any report or recommendations of the independent accountant.
- k. Comment letters from the SEC or related to Nasdaq listing rules and management's response thereto.

- l. Anything else about the audit procedures or findings that generally accepted auditing standards requires the accountants to discuss with the committee.
 - m. Any difficulties or disputes encountered with management while conducting audits, including any restrictions on the scope of their work or access to required information.
 - n. Any material legal affairs of the company and the company's compliance with applicable law and listing standards.
4. Recommend to the board whether the audited financial statements should be included in the company's Annual Report on Form 10-K.
 5. Discuss with management financial information publicly released other than through SEC reports, including earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

D. Related Party Transactions and Code of Ethics. The committee shall:

1. Review and approve related party transactions under the company's Related Party Transactions Policy.
2. Periodically review the company's policies and procedures regarding related party transactions and conflicts of interest and make any recommendations to the board.
2. Review and approve the waiver of any provision of the company's Code of Ethics with respect to any executive officer or director.

E. Report to Shareholders. The committee shall:

1. Prepare a report required by the rules of the SEC for inclusion in the company's annual meeting proxy statement.

F. Whistleblower Complaints. The committee shall establish procedures for:

1. The receipt, retention and treatment of related complaints received regarding accounting, internal accounting controls, or auditing matters.
2. The confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

V. Corporate Governance Responsibilities

The committee shall periodically review its own performance.

The committee shall review and assess the adequacy of this charter annually and recommend any proposed changes to the board.

The committee shall assume such other duties and responsibilities as the board, from time to time, may delegate to the committee.

VI. Authorities and Management Support

The committee may, in its discretion, request and review information and reports from management to the extent that it deems necessary or appropriate. The committee may conduct or authorize investigations into any matters within the scope of its responsibilities and may meet with any employees of the company or any third parties it deems necessary in connection with such investigations.

The committee has the power and authority in its sole discretion to retain or obtain the advice of consultants, legal counsel, or other advisors (together, “advisors”) as it determines necessary to carry out its duties and responsibilities under this charter. The committee shall be directly responsible for the appointment, compensation, and oversight of the work of any advisor retained by the committee.

The company shall provide for appropriate funding, as determined by the committee, in its capacity as a committee of the board, for payment of (i) compensation of any advisors employed by the committee, and (ii) ordinary administrative expenses of the committee that are necessary or appropriate in carrying out its duties.

The committee shall not be required to implement or act consistently with the advice or recommendations of advisors to the committee, and the authority granted in this charter shall not affect the ability or obligation of the committee to exercise its own judgment in fulfilling its duties under this charter.

VII. Committee Meetings and Action

A majority of the committee members will constitute a quorum for the transaction of business. The committee shall act only on the affirmative vote of at least a majority of its members present at any meeting. The committee may also act without a meeting by securing the unanimous written consent of its members. Meetings of the committee may be held by telephone or video conference.

The committee shall keep minutes of its meetings, which shall include a record of any actions taken by the committee. The chair shall report the committee’s actions, recommendations, or findings to the board at the next regular or special board meeting following the committee meeting.

The committee shall meet at regularly scheduled times in accordance with the committee’s needs and the company’s master calendar prepared annually and distributed to the board. Additionally, the committee may meet at such times as may be requested by its chair.

The committee shall meet in executive session without the presence of members of management as often as it deems appropriate.

The chair shall set the agenda for committee meetings.

Except as expressly provided in this charter, the company's bylaws, or as required by applicable law, regulation or listing standard, the committee may establish its own rules of procedure.

Approved by the Audit Committee on February 17, 2026

Ratified by the Shore Bancshares, Inc. and Shore United Bank, N.A. Board of Directors on February 18, 2026