

stellar BANCORP, INC.

CHARTER OF THE AUDIT COMMITTEE

Effective as of August 17, 2023

I. PURPOSE

The Audit Committee of Stellar Bancorp, Inc. (the “Company”) is appointed by the Company’s Board of Directors (the “Board”) to assist the Board by providing independent and objective oversight with respect to:

- the integrity of the Company’s financial statements and reporting process, and any additional financial information provided to shareholders and others;
- the Company’s internal controls;
- the independent auditor, including its qualifications and independence;
- the performance of the Company’s internal audit function including the annual review and approval of the Internal Audit Activity Charter, the Internal Audit Policy, and oversight responsibility for any aspects of the internal Audit functions that are outsourced to a third party;
- the performance of the Company’s audit, accounting, and financial reporting processes generally; and
- the compliance by the Company with legal and regulatory requirements.

The Audit Committee may, at its own discretion, charge the Audit Committee of the Company’s subsidiary, Stellar Bank (the “Bank”), as a sub-committee to the Audit Committee, with responsibilities as deemed appropriate, and as described in Section VI of this Charter.

The Audit Committee is also responsible for preparing the report required by the rules of the Securities and Exchange Commission (“SEC”) to be included in the Company’s annual proxy statement.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditor as well as anyone in the organization. The Audit Committee has the authority to retain and consult with any special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties. The Company shall provide for (i) appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee, and (ii) any advisory, outside counsel and administrative expenses of the Audit Committee in carrying out its duties.

Any communications between the Audit Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company, and the Audit Committee will take all necessary steps to preserve the privileged nature of those communications for as long as it is in the best interest of the Company to do so.

Nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the members of the Audit Committee, except to the extent otherwise provided under applicable laws and regulations.

II. COMPOSITION AND QUALIFICATIONS

The Audit Committee shall be comprised of three or more directors as determined by the Board. Each member of the Audit Committee shall meet the independence and experience requirements of (1) FRB SR 13-01, FDIC Rules and Regulations Part 363, (2) the rules of the New York Stock Exchange (the “NYSE”), including Section 303A.02 and 303A.07 of the NYSE Listed Company Manual, (3) the Securities Exchange Act of 1934, as amended, and (4) the rules and regulations of the SEC, including Rule 10A-3(b)(1).

No consulting, advisory, or other compensatory fees (other than as a member of the Board and/or the Audit Committee and any other committee of the Board) may be accepted, directly or indirectly, from the Company or any affiliate or subsidiary thereof by an Audit Committee member. Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to serve effectively on the Audit Committee, and such determination is disclosed in the Company’s proxy statement.

Each member of the Audit Committee shall, in the judgment of the Board, be financially literate at the time of appointment, as such qualification is interpreted by the Board in its business judgment, which at a minimum means possessing a working familiarity with basic finance and accounting practices. At least one member of the Audit Committee must be an “audit committee financial expert” as set forth in Item 407(d)(5)(ii) of Regulation S-K. At least two members of the Audit Committee must have “banking or related financial management expertise” in accordance with 12 C.F.R. § 363.5. A person who has the attributes of an “audit committee financial expert” shall also satisfy the “banking or related financial management expertise” requirement in 12 C.F.R. § 363.5 and the “accounting or related financial management expertise” requirement of Section 303A.07 of the NYSE Listed Company Manual. A person will be considered to have “banking or related financial management expertise” and “accounting or related financial management expertise” if they have significant experience as an officer or member of the board of directors or audit committee of a financial services company or if the person has significant executive, professional, educational, or regulatory experience in financial, auditing, accounting, or banking matters as determined by the Board.

Audit Committee members shall be appointed annually by the Board upon the recommendation of the Corporate Governance and Nominating Committee and shall serve until such member’s successor is designated or until such member’s earlier resignation, removal, or death. The Board may remove any member from the Audit Committee at any time

with or without cause. In addition, any director serving on the Audit Committee will automatically cease to be a member of the Audit Committee at the time that he or she ceases to be a director. Unless a Chair is elected by the full Board, the members of the Audit Committee shall designate a chairperson by majority vote of the members. The chairperson will be responsible for the leadership of the Audit Committee, including presiding over meetings and making regular reports to the Board.

III. DELEGATION OF AUTHORITY

The Audit Committee may, in its discretion, form and delegate a portion of its authority to sub-committees, except any such power or authority required by any law, regulation or listing standard to be exercised by the Audit Committee as a whole. Members of these sub-committees may be comprised from the Boards of Directors of the Company's subsidiaries. Notwithstanding anything to the contrary, any sub-committee of the Audit Committee that is not composed exclusively of directors of the Company shall not have the authority or power to take any action on behalf of the Audit Committee or the Board of the Company that is reserved exclusively to the Audit Committee or the Board of the Company.

IV. MEETINGS

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee shall meet periodically with management, internal auditors, and the independent auditor privately in separate sessions. A majority of the members of the Audit Committee present in person or by telephone shall constitute a quorum.

The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Audit Committee will have the opportunity at any meeting of the Audit Committee to meet in executive session without the presence of management.

V. RESPONSIBILITIES AND DUTIES

Appointment of Independent Auditor and Pre-Approval Policies

The Audit Committee shall have the sole authority to appoint, retain or replace the independent auditor (subject, if applicable, to shareholder ratification). The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.

The Audit Committee shall pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, in accordance with 12 C.F.R. § 363.3 and subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. The Audit

Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting.

With respect to services, it is the policy of the Audit Committee that no independent auditor shall perform both the audit of the financial statements and the internal audit, and that no independent auditor shall perform any of the following services:

- bookkeeping or other services related to the accounting records;
- financial information systems design and implementation;
- appraisal or valuation services, fairness opinions or contribution-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management or human resources functions;
- broker, dealer, investment adviser or investment banking services; or
- legal services and expert services unrelated to the audit.

To fulfill its duties, the Audit Committee, to the extent it deems necessary or appropriate given the circumstances, shall:

Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditor the annual audited financial statements and quarterly financial statements, including disclosures made in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” prior to issuance by the auditor of their report thereon, filing such statements on Form 10-K or Form 10-Q with the SEC and distribution to third parties. The review shall include:
 - the Company’s consolidated financial statements and the notes thereto;
 - the independent auditor’s audit of the annual consolidated financial statements and report, including judgments made in connection with the preparation of such financial statements and report;
 - all critical accounting policies and practices used;
 - all alternative treatments of financial information within GAAP discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;

- other material written communications between the independent auditor and the management of the Company (such as any management letter or schedule of unadjusted differences);
- any significant changes required in the independent auditor's examination plan;
- particularly sensitive accounting estimates, reserves and accruals, judgmental areas, audit adjustments and other inquiries as the Audit Committee or independent auditor deem appropriate; and
- the adequacy of the Company's internal controls.

Based on such a review, the Audit Committee shall recommend to the Board whether to include such audited financial statements in the Company's Annual Report and on Form 10-K.

2. Discuss with the independent auditor the matters required to be discussed by Statement of Auditing Standards No. 61 (Communication with Audit Committees), as may be modified, supplemented or replaced, related to the conduct of the audit, and review with the independent auditor any audit problems or difficulties and management's response, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.
3. Review with the independent auditor and management the integrity of the Company's financial reporting processes and controls. Review and discuss significant financial risk exposures and the steps management has taken to monitor and control such exposure, including the Company's risk assessment and risk management policies.
4. Review major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor or management.
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 auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
7. Obtain from and review with the independent auditor the annual management letter as to the adequacy of the Company's internal control over financial reporting and existence of any reportable conditions or material weaknesses. Review management's responses to the annual management letter. Review and make recommendations as to the resolution of any disagreements between the Company's management and the independent auditor.

8. Review the minutes of the Company's Disclosure Committee at each Audit Committee meeting where regulatory filings or other information is reviewed for release to the public. Representative members of the Disclosure Committee shall attend the Audit Committee meeting as guests so the Audit Committee may inquire and review about: (a) the Company's disclosure controls and procedures, (b) any significant deficiencies in the design or operation of internal controls of the Company which could adversely affect the Company's ability to record, process, summarize and report financial data and (c) any fraud, material or otherwise, that involves management or other employees who have a significant role in the Company's internal controls.
9. Review and discuss with management and the independent auditor the Company's internal control systems intended to ensure the reliability of financial reporting and compliance with applicable laws and regulations. The review shall include the organizational structure, responsibilities, budget, plans, staffing, and the performance of the Chief Financial Officer.
10. Review disclosures made to the Audit Committee by the Company's Chief Executive Officer ("CEO") and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting and any fraud involving management or other employees who have a significant role in the Company's internal controls.
11. Review significant reports of the internal auditors together with management's response and follow-up to these reports.

Oversight of Company's Relationship with the Independent Auditor

12. Evaluate the qualifications, performance, and independence of the independent auditor periodically and make determinations regarding the appointment or termination of the independent auditor. These evaluations should include the review and evaluation of the lead partner of the independent auditor, taking into account the opinions of management and the Company's internal auditors or other personnel responsible for such function. The Audit Committee should also consider whether there should be regular rotation of the independent audit firm as well as of the lead audit partners. The Audit Committee will present its conclusions to the full Board.
13. On an annual basis, obtain from the independent auditor a formal written statement describing all relationships between the auditor and the Company, consistent with Independence Standards Board Statement No. 1, as may be modified, supplemented, or replaced. The Audit Committee shall discuss such reports with the independent auditor and recommend that the Board take appropriate action on any disclosed relationships that may reasonably be thought to bear on the independence of the auditor.
14. At least annually, obtain and review a report from the independent auditor describing:
 - (a) the independent auditor's internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review or peer review of the independent

auditor, 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 independent auditor; and (c) any steps taken to deal with any such issues; and to assess the independent auditor's independence, all relationships between the independent auditor and the Company.

15. Review a written statement to be provided annually from the independent auditor certifying that the lead or coordinating audit partner with primary responsibility for the audit has not performed such audit services for the Company in excess of five previous fiscal years.
16. Meet with the independent auditor prior to the audit to discuss the plan of audit, including its scope, staffing, locations, and reliance on management.
17. Set clear policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.
18. Discuss with the national office of the independent auditor issues on which they were consulted by the Company's audit team and matters of audit quality and consistency.

Oversight of Company's Internal Audit Function

19. Review and approve the appointment and replacement of the Chief Audit Executive ("CAE"). The Audit Committee will perform the CAE's performance evaluation and consult with the Board's Compensation Committee annually on any adjustment to the CAE's compensation. The CAE will report directly to the Audit Committee and administratively to the CEO.
20. Review the significant recommendations made to management by the internal audit department and management's responses. Review also the results of internal and external quality assurance reviews.
21. Review and approve the internal audit department responsibilities, budget and staffing, risk-based annual audit plan and any significant changes to that plan. Make inquiries of the independent auditor, management, and internal audit to determine whether there are any inappropriate scope or resource limitations.
22. Receive a report from the Bank Audit Committee on Internal Audit's Issues Log at least quarterly for evidence of proper follow-up that recommendations made by internal and external auditors or the Company's regulators have been implemented by management. All open issues will be assigned a risk rating based on specific predetermined definitions. "Management Accepts the Risk" issues must be presented to executive management and the Management Risk Committee ("MRC"), the Steller Bank Risk Committee and Risk Oversight Committee of the Company's Board. After approval by executive management and the MRC, a summary of the issues will be reported to the Audit Committee for approval of risk acceptance. A list of all issues for which management has accepted risk will be presented annually to the Audit Committee and the Board.

23. Receive communications from the internal audit department on performance of the annual audit plan and other matters, including the description and rationale for significant changes to the plan. Proceedings will be clearly documented in the meeting minutes.

Ethical and Legal Compliance

24. Obtain reports from the Company's Chief Financial Officer and the independent auditor that the Company is in conformity with applicable legal requirements.
25. Review alleged material fraudulent actions or violations of law reported by internal compliance programs, by the independent auditor or otherwise, and take any necessary action resulting therefrom.
26. At least annually, review with the Company's legal counsel any legal matters (including the status of pending litigation) that may have a material impact on the Company's financial statements, compliance with applicable laws and regulations and any material reports or inquiries received from regulators or governmental agencies. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations.
27. Establish procedures for the receipt, retention and treatment of concerns or complaints regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The Audit Committee shall review all such concerns or complaints from Company employees or other sources.
28. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated (Section 10A requires reporting to the SEC when, during the course of a financial audit, an auditor detects likely illegal acts that have a material impact on the financial statements and appropriate remedial action is not being taken by management or the Board).
29. Obtain reports from management, the Company's senior internal auditing department and the independent auditor that the Company and its subsidiaries are in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics. 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 Business Conduct and Ethics.
30. Review and approve or ratify all related-party transactions in accordance with the Company's Related Persons Transactions Policy.
31. Perform any other activities consistent with this Charter, the bylaws of the Company, the rules of the NYSE and any other applicable law, rules or regulations as the Audit Committee or the Board deems necessary or appropriate.

Audit Policy, Audit Committee Charter, Internal Audit Charter, and Evaluation of Audit Committee

32. Review and approve the Audit Committee Charter, the Audit Policy and the Internal Audit Activity Charter on an annual basis and recommend any proposed changes to the Board for approval. Include the Audit Committee Charter on the Company website.
33. The Audit Committee shall annually review and evaluate the performance of the Audit Committee and its members, through annual self-assessments.
34. These reviews will be clearly documented in the Audit Committee meeting minutes.

VI. OVERSIGHT OF THE BANK'S INTERNAL AUDIT FUNCTION

The Audit Committee is responsible for overseeing all aspects of the Company's internal audit function. To assist in that oversight, the Audit Committee may form a sub-committee (Bank Audit Committee) consisting of at least three members of the Bank's Board of Directors for the oversight of a portion of the internal audit function. A chairperson of the Bank Audit Committee will be selected by the Audit Committee. The Bank Audit Committee will meet regularly and report directly to the Audit Committee. The chairperson will be responsible for the leadership of the Bank Audit Committee, including presiding over meetings and making regular reports to the Audit Committee. Any member of the Audit Committee shall be entitled to attend the Bank Audit Committee meetings (including executive sessions) as a non-voting attendee. Minutes of these meetings will also be presented to the Audit Committee quarterly. Responsibilities of the Bank Audit Committee are described in a Charging Letter that is also attached as Appendix A to the Charter. Such Charging Letter will be reviewed and approved, no less than annually, by both the Audit Committees of the Company and the Bank and be presented to both the Company's and the Bank's respective Boards of Directors.

VII. OUTSIDE ADVISORS

The Audit Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of independent outside counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Audit Committee shall set the compensation, and oversee the work, of any outside counsel and other advisors.

VIII. 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 are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of the independent auditor and management, respectively.

[End of Charter]

APPENDIX A

Charging Letter to Audit Committee of Stellar Bank

[Attached]

To: Stellar Bank Audit Committee

From: Stellar Bancorp, Inc. Audit Committee

Appendix A to Stellar Bancorp, Inc. Audit Committee Charter- Charging Letter

I. Purpose and Function

The Stellar Bank Audit Committee is a duly constituted subcommittee of the Stellar Bancorp, Inc. (the “Company”) Audit Committee (“Company Audit Committee”) whose membership consists of five selected serving members of the Board of Directors (the “Board”) of Stellar Bank (the “Bank”). The primary duty of the Bank Audit Committee is to assist the Company Audit Committee in fulfilling its oversight responsibilities by reviewing the Bank’s system of internal controls that management and the Board have established, and the Bank’s auditing, and accounting processes. Consistent with this function, the Bank Audit Committee should encourage continuous improvement of, and should foster adherence to, the Bank’s policies, procedures, and practices at all levels. The Bank Audit Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Bank’s financial reporting process and the internal control system;
- Make regular reports to the Board of the Bank to assist the Board with its oversight responsibilities;
- Review and appraise the audit efforts of the Bank’s internal auditing department; and
- Provide an open avenue of communication among financial and senior management, the internal auditing department, and the Company’s Board of Directors.

II. Responsibilities

To fulfill its responsibilities and duties, the Bank Audit Committee shall:

- Review and update this appendix periodically, at least annually, as circumstances warrant.
- Review the routine reports prepared by the internal auditing department and management’s responses.
- Review the routine exception tracking report prepared by the internal auditing department for timely action by management and validation by the internal auditing department.
- Review any other reports prepared by the internal auditing department for management of the audit function and its resources.
- Review and approve, at least annually, the audit plan and the proposed audit cycle.
- Review and approve any changes or deferrals to or deletions from the annual audit plan at least quarterly.
- Review, at least annually, the Audit Policy.
- Review, at least annually, the Charter for Internal Audit Activities, including the Code of Ethics for Internal Auditors, the Rules of Conduct and Statement of

Professional Standards for the Audit Department, which should be included in that Charter.

- Review and approve, at least annually, the internal audit budget.

Compliance Oversight Responsibilities

- Receive from internal audit or management, as appropriate, communications on significant operating and control issues in internal audit reports, management letters from external auditors, and regulatory authorities' examination reports.
- Receive from internal audit the status of significant investigations, as applicable.
- Review the regulatory authorities' examination reports or summaries of the same, pertaining to the Bank.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of noncompliance.

Other

- Consistent with its role as a subcommittee of the Company Audit Committee, the Bank Audit Committee through its chair or other designated member shall make reports not less frequently than quarterly on its activities to the Board and the Company Audit Committee including copies of all meeting minutes.
- The Bank Audit Committee shall maintain complete and faithful minutes of its meetings.
- Perform other activities delegated by the Company Audit Committee and/or the Board.
- The Bank Audit Committee shall provide the necessary information to the Company Audit Committee to perform the annual self-assessment of its effectiveness.

III. Authority

The Company Audit Committee grants the following authority to the Bank Audit Committee in performance of its duties:

- The Bank Audit Committee may perform any other activities consistent with the intent of this Charging Letter, the Bank's bylaws, and governing law, as the committee or the Company Audit Committee deems necessary or appropriate.
- The Bank Audit Committee is authorized to issue requests for proposals and shall review and approve the engagement of outside/ third-party vendors for Bank level audits and if conditions warrant recommend to the Company Audit Committee the hiring of additional auditors in the event it determines such resources are needed to ensure that the annual audit plan and the scheduled audit cycle can be completed as the committee deems appropriate.
- The Bank Audit Committee is empowered to demand that external auditors and the internal audit department have full access to all employees, accounts, and records of the Bank.

- If during the performance of its assigned duties, a matter of serious concern be raised to the Bank Audit Committee, the Committee shall request to meet jointly with the Company Audit Committee to discuss and/or escalate the matter and jointly hire any consultant, accountant, or attorney to advise the committees as the committees deem necessary.