

Burke & Herbert Financial Services Corp. (“Company”)

AUDIT COMMITTEE CHARTER

Approved this 4th day of January 2024 by the Board of Directors. This policy will be effective on the 3rd day of May 2024.

Composition of the Audit Committee (“Committee”)

The Committee is appointed by the Board of Directors of the Company and is comprised of a minimum of three independent directors, one of whom will serve as the Committee’s Chair. All members of the Committee shall be independent directors pursuant to the independence and experience requirements for committee members set forth in Rule 10A-3 of the Securities Exchange Act of 1934, as amended, (“Exchange Act”) the rules and regulations of The NASDAQ Stock Market, LLC (“NASDAQ”), the requirements for outside directors as specified by the FDIC in 12 CFR 363.5, and applicable law, and be free from any relationships that, in the opinion of the Board of Directors (“Board”), would interfere with the exercise of such director’s independent judgement as a member of the Committee.

Each member of the Committee shall be considered financially literate, including being able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement, and cash flow statement, and shall not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. At least one member of the Committee shall be an “audit committee financial expert” as defined by the rules of the Securities and Exchange Commission (“SEC”). Members of the Committee shall not simultaneously serve on the audit committees of more than two other public companies.

Each member of the Committee shall be appointed by the Board and shall serve for such term or terms as the Board may determine, or until his or her earlier resignation or death. The Board may remove any member from the Committee at any time with or without cause.

Purpose

- Oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company; and
- Assist the Board in overseeing: the system of internal controls; the audit process and the integrity of the financial statements of the Company; the Company’s compliance with legal and appropriate regulatory requirements; the independence and qualifications of the Company’s independent registered public accounting firm (“independent auditor”); and the performance of the Company’s internal audit function, including outsourced and co-sourced internal audit arrangements, and independent auditors.

Operation of the Committee

The responsibilities include the following:

- Approve the independent auditor to examine the Company's accounts, controls, and financial statements. The Committee shall have the sole authority and responsibility to select, evaluate, and if necessary, replace the independent auditor. The Committee shall be directly responsible for the appointment, compensation, retention, and oversight of the work of the independent auditor (including resolution of disagreements between the Company's management ("Management") and the independent auditor, regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company. The independent auditor shall report directly to the Committee.
- 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.
- Form and delegate authority to subcommittees consisting of one or more members of the Committee, when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions to grant pre-approval by such subcommittees shall be presented to the full Committee at its next scheduled meeting.
- Meet as often as the Committee Chair deems necessary, but not less frequently than quarterly. All Committee members are expected to attend each meeting in person or via conference telephone, video-conference, or other electronic means where all members present can communicate effectively.

The Committee will meet periodically, but no less than once per quarter, with Management, the Director of Audit, and the independent auditor, separately, in executive session, to discuss any matters that the Committee or these persons believe should be discussed. The Committee may also meet periodically in separate executive sessions. The Committee shall have authority to retain such outside counsel, experts, and other advisers as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms. The Committee shall report its actions or recommendations to the Board after each Committee meeting and shall conduct and present to the Board an annual performance evaluation of the Committee.

A majority of members shall constitute a quorum. The act of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee. A decision may also be taken by unanimous written consent (including by consent via email) of the Committee members.

The Committee's Secretary will keep written minutes of all meetings and forward to the Company's Corporate Secretary for retention.

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

Financial Statement and Disclosure Matters

- Discuss with Management and the independent auditor the annual audited financial statements and quarterly financial statements, including matters required to be reviewed under applicable legal, regulatory, or NASDAQ requirements. Before filing, review the annual audited financial statements with Management and the independent auditor, 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 Form 10-K, and determine that the independent auditor is satisfied with the disclosure, content, and quality of the financial statements to be filed with the SEC and to be presented to the shareholders in the Company's Annual Report to the shareholders;
- Discuss with Management and the independent auditor, as appropriate and prior to release, the earnings press releases and financial information and earnings guidance provided to analysts and to rating agencies;
- Discuss with Management and the independent auditor, as appropriate, any audit problems or difficulties and Management's response thereto, and discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 1301 relating to communications with the independent auditor; the conduct of the audit, 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;
- Discuss with Management and the independent auditor significant financial accounting and reporting issues, including complex or unusual transactions, 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 control deficiencies;
- Understand how Management develops interim financial information and the nature and extent of internal and independent auditor involvement; and
- Consider the effectiveness of the Company's internal control system, including information technology security and control.

Audit Functions

- Review and approve the internal audit staff functions, including: the internal audit policy; annual audit plan, budget, and staffing, together with any major changes; and concurrence in the appointment, compensation, and removal of the Director of Audit, and annual evaluation of the performance and independence of the Director of Audit;

- Review and approve the engagement and compensation of any outside firm engaged to perform any aspects of the internal audit function, if any, and oversee its performance;
- Review reports of completed internal audits including significant findings, recommendations for improvements, and management responses;
- Review reports on the progress of action plans to address results and recommendations of internal and external audit activities to ensure implementation by Management;
- Review the activities and performance of the Director of Audit, the independent auditor, or such other individuals as the Committee deems appropriate, the Company's internal system of controls, and the results of internal audits with the Chief Financial Officer;
- Review the independent auditors' proposed audit scope and approach, including coordination of audit effort with the internal audit function;
- Review and discuss periodic reports from the independent auditors on: all critical accounting policies and practices to be used; all alternative treatments of financial information within 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 independent auditor; and other material written communications between the independent auditor and Management, such as any Management letter or schedule of unadjusted differences;
- Obtain and review, at least annually, a formal written report from the independent auditor delineating: the auditing firm's internal quality-control procedures and any material issues raised within the preceding five years by the auditing firm's internal quality-control reviews, by peer reviews of the firm, or by any governmental or other inquiry or investigation relating to any audit conducted by the firm. The Committee will also review steps taken by the auditing firm to address any findings in any of the foregoing reviews. Also, in order to assess auditor independence, the Committee will review all relationships between the independent auditor and the Company consistent with Independence Standards Board Standard 1 at least annually; will actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor; and will take, or recommend that the full Board take, appropriate action to oversee the independence of the independent auditor;
- Obtain from the independent auditor assurance that the independent auditor has complied with Section 10A (b) of the Exchange Act, which requires the independent auditor to report to the Committee any illegal act which it detects, or otherwise becomes aware of, during the course of its audit;
- Prepare and publish an annual Audit Committee report in the Company's proxy statement;

- Recommend to the Board policies for the hiring of employees or former employees of the Company's independent auditor; and
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner for reviewing the audit as required by law, regulation, or auditing standards.

Compliance Oversight Responsibilities

- Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and the 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;
- Review and investigate any matters pertaining to the integrity of Management, including conflicts of interest or adherence to standards of business conduct as required in the policies of the Company, and to approve all related party transactions; and
- 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.

Other

- Engage independent counsel and other advisers, as the Committee determines necessary, to carry out its duties; and
- The Committee shall make such other recommendations to the Board on such matters as may come to its attention and which, at its discretion, warrant consideration by the Board.

Funding

The Company shall provide for appropriate funding, as determined by the Committee in its capacity as a committee of the Board, for payment of: compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company; compensation to any advisers employed by the Committee; and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Board Involvement with Management

Directors shall be entitled to rely in good faith on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

- One or more officers or employees of the Company whom the director reasonably believes to be reliable and competent in the matters presented;
- Counsel, public accountants, or other persons as to matters which the director reasonably believes to be within the professional or expert competence of such person; and
- A committee of the Board, upon which the director does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

A director shall not be considered to be acting in good faith if he or she has knowledge concerning the matter in question that would cause his or her reliance to be unwarranted.

Limitations

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the 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 auditor.

The Committee shall review, at least annually, the adequacy of this Charter and recommend any proposed changes to the Board for approval.