

**HERITAGE**  
COMMERCE CORP

AND

**HERITAGE**  
BANK OF COMMERCE

AUDIT COMMITTEE CHARTER

As of March 28, 2024

MEMBERS OF AUDIT COMMITTEE

Julianne Biagini Chairwoman & Designated Financial Expert	
Kamran Hussein	Marina Park
Laura Roden	

**AUDIT COMMITTEE CHARTER  
OF  
HERITAGE COMMERCE CORP  
AND  
HERITAGE BANK OF COMMERCE**

(As approved by the Board of Directors on March 28, 2024)

**I. PURPOSE**

The Audit Committee of Heritage Commerce Corp (“HCC”) and Heritage Bank of Commerce (“HBC”, the “Bank”) (collectively, the “Company”) is appointed by the Board of Directors of HCC and HBC (collectively, the “Board”).

The Committee’s purpose is to act on behalf of the Board in fulfilling the following responsibilities:

- Oversight of the Company’s corporate accounting and financial reporting processes and the quality and integrity of the Company’s financial statements and reports, including the Company’s internal control over financial reporting and disclosure controls and procedures;
- Oversight of the qualifications, independence and performance of the registered public accountants engaged as the Company’s independent auditor;
- Oversight of the of the Company’s internal audit function;
- Oversight of the Company’s risk management function, including without limitation cybersecurity incident response and related reporting matters; and
- Oversight and review of other matters as provided in this charter, including legal and regulatory matters, and related party transactions.

**II. OVERSIGHT RESPONSIBILITIES**

***Oversight of the Independent Auditor***

- The independent auditor shall report to the Committee. The Committee shall have the authority to: (i) select and retain an independent registered public accounting firm to act as the Company’s independent auditor for the purpose of auditing the Company’s annual financial statements and internal controls over financial reporting; (ii) set the engagement fees of the independent auditor; (iii) approve the scope, plan, and staff of audits as presented by the independent registered public accounting firm; (iv) evaluate and oversee the independent auditor’s performance (including the audit partner),

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qualifications and independence (including appropriate partner rotation); and (v) terminate the independent auditor.

- The Committee shall have the authority to select, retain, compensate, oversee and terminate, if necessary, any other 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.
- The Committee shall: (i) approve all audit engagement fees and terms and pre-approve all audit and permitted non-audit and tax services that may be provided by the independent auditor or other public accounting firms; and (ii) establish policies and procedures for the Committee's pre-approval of permitted services by the independent auditor or other registered public accounting firms.
- The Committee shall obtain and review, at least annually, a formal written statement from the independent auditor delineating: (i) the independent auditor's internal quality control procedures; (ii) any material issues raised by the independent auditor's most recent quality-control review and steps taken to deal with such issues; (iii) any material issues raised by the most recent peer review or Public Company Accounting Oversight Board review or inspection of the firm or by any other inquiry or investigation by governmental or professional authorities in the past five years regarding one or more audits by this firm and steps taken to deal with such issues; and (iv) all relationships between the independent auditor and the Company and/or its affiliates, consistent with Public Company Accounting Oversight Board Rule 3526 (or any successor rule thereto).
- The Committee shall review and discuss with the independent auditor any disclosed relationships or services that could affect the independent auditor's objectivity and independence, and assess and take appropriate action to oversee the independence of the independent auditor. The Committee shall also discuss with the independent auditor any other matters to the extent required pursuant to applicable laws, regulations, and/or auditing standards.
- The Committee shall review and discuss, as it determines appropriate, with the independent auditor and/or management regarding: (i) any conflicts or disagreements between management and the independent auditor regarding financial reporting, accounting processes, or policies; (ii) the adequacy and effectiveness of the Company's internal auditing and financial reporting controls; and (iii) any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements, internal controls, or accounting processes or policies.
- The Committee shall review and discuss with the independent auditor the Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company; and review and discuss with the Company's independent auditor the Company's identification of and disclosure of its relationships and

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transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties.

### ***Oversight of the Integrity of the Financial Statements and SEC Filings***

- The Committee shall review and discuss with management and the independent auditor: (i) the annual audited consolidated financial statements included within the Company's Securities and Exchange Commission ("SEC") Form 10-K filings (including the form of audit opinion and the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations"); (ii) the quarterly interim financial statements included within the Company's SEC Form 10-Q filings (including the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operation"); (iii) any financial statements, earnings releases, and the related filings submitted to the SEC; and (iv) any other matters required to be communicated by the independent auditor under applicable law or accounting standards. The Committee shall recommend to the Board whether the Company's financial statements should be included in its annual Form 10-K filing.
- The Committee shall review and discuss with the Company's independent auditor: (i) the independent auditor's responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process; (ii) the overall audit strategy; (iii) the scope and timing of the annual audit; (iv) any significant risks identified during the auditor's risk assessment procedures; and (v) the results and significant findings of the annual audit.
- The Committee shall review and discuss with the independent auditor and management: (i) any audit problems or difficulties, including difficulties encountered by the independent auditor during its audit work (such as restrictions on the scope of their activities or their access to information); (ii) any significant disagreements with management; and (iii) management's response to these problems, difficulties or disagreements.
- The Committee shall review and discuss with the independent auditor matters required to be discussed by Auditing Standards No. 1301 (Communications with Audit Committees), or any successor standard thereto.
- The Committee shall review and discuss with management and the independent auditor any significant issues that arise regarding accounting principles and financial statement preparation and presentation, including: (i) the Company's critical accounting policies on at least an annual basis; (ii) the adoption and application of new or material changes to existing critical accounting policies; (iii) the potential effect of alternative accounting policies available under generally accepted accounting principles; (iv) any other significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements; (v) the potential impact of regulatory and accounting initiatives; (vi) the effect of off-balance sheet structures; and (vii) any

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written communication between the independent auditor and management regarding the foregoing.

- The Committee shall review and discuss with the independent auditor: (i) any management or internal control letter issued or, to the extent practicable, proposed to be issued by the independent auditor and management's response, if any, to such letter; and (ii) any other material written communications between the independent auditor and management.
- The Committee shall periodically review and discuss with management and the independent auditor the adequacy and effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting, including any material weaknesses, significant deficiencies, significant changes in controls, and disclosures relating thereto, and any fraud involving management or other employees with a significant role in such internal controls. The Committee shall also review and discuss with management and the independent auditor disclosure relating to the Company's internal controls, the independent auditor's report on the effectiveness of the Company's internal control over financial reporting and the required management certifications to be included in or attached as exhibits to the Company's annual report on Form 10-K or quarterly report on Form 10-Q, as applicable.
- The Committee shall periodically receive and review reports from the Chief Information Officer and the Chief Information Security Officer concerning (i) the occurrence or known threat of any material cybersecurity incidents concerning the Company or its information technology systems; (ii) the adequacy of the Company's systems and processes intended to promote a timely and effective response to, and timely and accurate reporting of, any material cybersecurity incidents; and (iii) at least annually, prior to the filing of the Company's Form 10-K, the accuracy and completeness of the Company's disclosures pertaining to cybersecurity incident response, risk management, and oversight of related matters. With respect thereto, the Committee may designate a subcommittee or other body, which may include Company directors who are not Committee members, to be charged with the oversight of cybersecurity incident response, reporting and risk management issues; provided, however, that (i) in the absence of such a subcommittee, such responsibilities shall rest with the Committee; and (ii) the delegation of such responsibilities to any such subcommittee shall not affect the Committee's authority over or responsibility for the matters set forth in this paragraph.
- The Committee shall review and discuss any management assertions or certifications relating to such controls that may be included in the Company's Form 10-K and/or 10-Q filings.
- The Committee shall review and discuss with management and the independent auditor the Company's earnings press releases including the type of information to be included and its presentation and the use of any pro forma, adjusted or other non-GAAP financial

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information, before their release to the public; and any other significant public disclosure matters relating to the Company's financials.

- The Committee shall review the Company's annual proxy statement and prepare the audit committee report required by the rules of the SEC to be included in the Company's annual proxy statement.

### ***Oversight of the Internal Audit Function***

- The Committee shall review and approve the functions of the Company's internal audit function, including its purpose, authority, organization, responsibilities, budget and staffing.
- The Committee shall be responsible for the appointment, performance evaluation and dismissal of the Internal Audit Executive. The Internal Audit Executive shall report regularly to the Committee on the internal audit function, including significant internal audit reports and management responses.
- The Audit Committee shall review the Internal Audit Policy and Annual Internal Audit Plan and scope for the comprehensive coverage of significant risk areas.
- The Audit Committee shall review significant Internal Audit reports ("Reports") and/or recommendations or the executive summary thereof, prepared by Internal Audit staff and also review responses to the Reports and/or recommendations.
- The Committee shall ensure that the Internal Audit Executive reports functionally to the Committee and administratively to the Chief Executive Officer.

### ***Oversight of Risk Management, Compliance, and Legal Oversight***

- The Committee shall oversee the Company's Risk Management Steering Committee (RMSC). The Executive Vice President/Chief Risk Officer shall chair the RMSC and report to the Committee at least quarterly on the effectiveness of risk management processes and the overall risk assessment of the Company's activities.
- The Committee shall review and, as appropriate, discuss with management: (i) the Company's risk assessment and risk management policies, and compliance with material banking regulations and statutes; (ii) significant legal regulatory matters filed or threatened against the Company, including review with outside legal counsel; (iii) the Company's major risk exposures and the steps management has taken or proposes to take to monitor and control such exposures; and (iv) the Company's fraud risk management, including controls.
- The Committee shall review and approve all related party transactions of the Company as defined by Item 404 of Regulation S-K promulgated by the SEC pursuant to the Securities

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Act of 1933, as amended, in accordance with the Board Statement of Policy with respect to Related Party Transactions. Related lending transactions (Reg. O loans), shall be referred to the full Board for review and approval.

- The Committee shall oversee the ethical compliance of the Company's Code of Ethics for Senior Financial Officers and any issues that may arise thereunder. The Committee shall review and discuss with management any material ethical violations or issues, and any investigations of such violations or issues. The Committee may also conduct its own investigations of any suspected improprieties, without consulting in advance, or obtaining the approval of, the Board or management. The Committee shall also periodically review and establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, including the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- The Committee shall oversee and monitor the remediation of material risk management issues, including regulatory examination issues, internal audit findings, and other non-compliance issues.
- The Committee shall oversee and monitor any risk metrics under the Company's Risk Appetite Statement, as deemed appropriate by the Board or the RMSC.

### ***Committee Resources and Expenses***

The Board and management shall ensure that the Committee has adequate resources and authority to discharge its responsibilities. The Company shall provide for appropriate funding for the payment of any expenses of the Committee that are necessary or appropriate in carrying out its duties, including expenses and compensation relating to the independent auditors, or any external consultants or advisers retained by the Committee. The Committee is authorized to obtain advice and assistance from internal or external legal, accounting, or other advisers at the Company's expense without the prior approval of the Board or management.

### ***Responsibilities; Communications***

- It shall be management's responsibility to prepare the Company's consolidated financial statements, periodic reports, and disclosure and to establish and maintain appropriate internal controls over financial reporting. Management is responsible for maintaining appropriate accounting and financial reporting policies and internal and disclosure controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. It is the independent auditor's responsibility to audit the consolidated financial statements and the effectiveness of internal controls over financial reporting. These functions shall not be the Committee's direct responsibility, nor shall it be the Committee's direct responsibility to ensure that the financial statements, periodic reports or disclosures are complete and accurate, conform to generally accepted accounting principles, or otherwise comply with applicable laws.

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- The Committee shall maintain an open avenue of communication between it and the independent auditor, the Company’s management, and its internal auditor. The Committee shall meet periodically in separate sessions with the independent auditor, the Director of Internal Audit, and/or senior management to discuss any matters that the Committee or any such individual believes should be discussed privately with the Committee.
- The Committee shall regularly report its activities, concerns, conclusions, and recommendations to the Board, including any issues that arise with respect to the quality or integrity of the Company’s financial statements, risk management, compliance with legal or regulatory requirements, the performance and independence of the independent auditor, and the performance of the internal audit function.

### III. ADMINISTRATION

#### ***Authority of Committee***

- The Audit Committee and each of its members may communicate directly and/or privately with the Company’s directors, officers, employees, consultants, agents, internal auditors, independent auditor, attorneys-in-fact, counsel and advisers, and any and all third parties, and require the full cooperation of all such persons, in the performance of the Committee’s functions.
- The Committee may cause an investigation to be made into any matter within the scope of its responsibilities under this charter as the Committee deems necessary, or as otherwise authorized, requested or directed by the Board. The Committee may require Company personnel to assist in any such investigation, and may engage independent resources to assist in such investigations as it deems necessary.
- The Chair of the Committee is authorized and empowered to expend corporate funds to: (i) retain and secure independent auditors for the Company and such consultants, advisers, attorneys, investigatory services, or other expert advice; and (ii) fund ordinary administrative expenses of the Committee, as are necessary or appropriate to carry out its duties under this charter, including the authority and power to sign, execute, and deliver any and all such checks, drafts, vouchers, receipts, notes, documents, contracts, and any other instruments whatsoever as he or she shall deem appropriate, in the name and on behalf of the Company.
- The Committee shall have the authority and responsibility for such duties as may be delegated from time to time by the Board.

#### ***Committee Membership***

- The Committee shall be comprised of at least three directors, each of whom is: (i) “independent” under the rules of The NASDAQ Stock Market and the Securities



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Exchange Act of 1934, as amended, and the rules promulgated thereunder; (ii) does not accept any consulting, advisory or other compensatory fee from the Company or any subsidiary other than in his or her capacity as a member of the Board or any committee of the Board; (iii) is not an “affiliate” of the Company or any subsidiary of the Company, as such term is defined in Rule 10A-3 under the Securities Exchange Act of 1934, as amended; and (iv) has not 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.

- All members of the Committee must be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement, and cash flow statement. The Committee shall have at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background which results in the member’s financial sophistication.
- No member of the Audit Committee may simultaneously serve on the audit committee of more than two other public corporations, unless the Board determines that such simultaneous service would not impair such director’s ability to effectively serve on the Committee and such determination is disclosed in the Company’s annual proxy statement.
- Members of the Committee (including the Chair) shall be appointed by the Board based on nominations recommended by the Company’s Corporate Governance and Nominating Committee, and shall serve at the pleasure of the Board and for such term or terms as the Board may determine. Committee members may be removed by a majority vote of the full Board.

### ***Meetings***

- The Committee shall meet at least four times a year at such times and places as it deems necessary to fulfill its responsibilities. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.
- The Committee shall meet separately and periodically with management, members of the Company’s internal audit department/the personnel primarily responsible for the design and implementation of the internal audit department and representatives of the independent auditor, and shall invite such individuals to its meetings as it deems appropriate to assist in carrying out its duties and responsibilities. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including but not limited to, any director that is not a member of the Committee.

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- The Chair of the Committee (or in the Chair’s absence, his or her designee) shall preside at all meetings of the Committee and perform any duties as may be assigned by the Board from time to time. The Chair of the Committee shall also be responsible for ensuring that key actions taken and significant matters discussed by the Committee are reported to the Board on a regular basis.
- The secretary of the Committee (or any designee of the Chair) shall maintain minutes and other relevant records of the meetings and activities of the Committee. The minutes shall be available for review by the Board and any regulatory agency having jurisdiction over the affairs of the Company or the Bank. At any time where the secretary is not present, the Chair shall act as secretary or designate an acting secretary of the Committee for the purpose of recording the minutes of actions taken at the meeting or executive session thereof.

### ***Annual Review of Charter; Amendments***

The Committee shall review this charter at least annually and recommend any proposed changes to the Board for approval.

### ***Delegation of Authority***

This Committee may form, and delegate its authority hereunder (as delegated by the Board), to subcommittees when appropriate.

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