



**BOARD OF DIRECTORS
AUDIT COMMITTEE CHARTER**

(As approved by the Board of Directors on January 22, 2025)

ESTABLISHMENT AND PURPOSE

The Board of Directors ("**Board**") of Heritage Commerce Corp ("**Company**") has charged the Audit Committee ("**Committee**") with the following duties and responsibilities on behalf of the Company and its wholly owned subsidiary, Heritage Bank of Commerce:

- overseeing 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;
- assessing the qualifications, independence and performance of the registered public accountants engaged as the Company's independent auditor;
- overseeing the of the Company's internal audit function;
- overseeing the Company's information technology and cybersecurity programs, including but not limited to incident detection, response and reporting obligations;
- overseeing the Company's risk management function, including without limitation cybersecurity incident response and related reporting matters; and
- overseeing and reviewing other matters as provided in this charter, including legal and regulatory matters, and related party transactions, and such other matters as may be delegated by the Board from time to time.

This Charter governs the roles, authority and composition of the Committee and establishes certain procedures relating to the exercise of such authority.

COMMITTEE MEMBERSHIP

The members of the Committee (and its Chair) are nominated by the Governance and Nominating Committee and appointed by the Board to discharge the Board's responsibilities for the matters described in this Charter. Committee members shall serve at the pleasure of the Board.

The Committee shall consist of no fewer than three members, each of whom is a director of the Company. Each member shall have been determined by the Board to be free of any relationship that, in the opinion of the Board, would interfere with the member's exercise of

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independent judgment on behalf of the Company and to meet the independence standards applicable under applicable laws and regulations, including Rule 5605(a)(2) of the Nasdaq Stock Market and Securities Exchange Act (“Exchange Act”) Rule 10A-3(b)(1). Committee members also must satisfy the qualifications set forth in Nasdaq Rule 5605(c)(2)(A) and IM-5605-4, and at least one Committee member (who need not be the Chair) must also meet the financial expertise requirements of IM-5605-4 and Item 407(d)(5) of Regulation S-K.

MEETINGS AND PROCEDURES

The Committee shall meet at least four times a year, including regular meetings with executive management, members of the Company’s Internal Audit staff, and the Company’s certifying accountants.

The Committee is authorized to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter, (b) any provision of the Bylaws of Heritage Commerce Corp, or (c) the laws of the State of California.

RELIANCE ON EXPERTS

The Committee shall have the authority to select and rely upon the advice of legal counsel, accountants (including but not limited to the Company’s certifying accountants) and other advisors whom the Committee determines to be reliable and competent as to the matters under deliberation. The Committee shall, in its reasonable discretion, assess the independence of any advisor upon whom it relies, and to give appropriate deference to factors that may be considered to impair that advisor’s judgment. The Committee shall exercise its independent judgment in determining whether and to what extent to rely upon the advice of such experts, and the Committee’s determination in such regard shall be final and conclusive.

The Committee shall have the authority to bind the Company with respect to the terms of engagement and compensation of any and all compensation consultants, legal counsel and other advisors selected by the Committee. The Company shall promptly pay as incurred the fees of any such advisors in accordance with the Company’s standard practices for vendor management.

COMMITTEE RESPONSIBILITIES

In order to satisfy the duties set forth under “Establishment and Purpose” above, the Committee shall have the following responsibilities in addition to any other duties delegated from time to time by the Board.

Oversight of the Independent Auditor

The independent auditor shall be retained, supervised and discharged by the Committee and shall report regularly to the Committee, including in executive session as contemplated above under “Meetings and Procedures.” In connection with its oversight obligations, the Committee shall have the authority and responsibility:

- 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

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financial statements and internal controls over financial reporting; (ii) approve 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), qualifications and independence (including appropriate partner rotation); and (v) terminate the independent auditor. In connection with these duties the Committee shall receive 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).

- 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.
- to (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.
- to assess and pass upon any matters that may be considered to impair the independence of the auditor, including reviewing and discussing with the independent auditor any disclosed relationships or services that could affect the independent auditor's objectivity and independence. The Committee also shall discuss with the independent auditor any other matters to the extent required pursuant to applicable laws, regulations, and/or auditing standards.
- to consider and discuss with the independent auditor and/or management, as it determines appropriate, 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.
- to 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 transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties.

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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 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

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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 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 Chief Audit Officer ("CAO"). The CAO shall report at least quarterly to the Committee on the internal audit function, including significant internal audit reports and audit issues.

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- The Audit Committee shall review the Internal Audit Policy and Annual Internal Audit Risk Assessment and Audit Plan for the comprehensive coverage of significant risk areas.
- The Audit Committee shall review significant Internal Audit reports (“Reports”) or the executive summary thereof, prepared by Internal Audit.
- The Committee shall ensure that the CAO reports functionally to the Committee and administratively to the Chief Operating 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 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.

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Responsibilities; Communications

- It shall be management's responsibility to prepare the Company's consolidated financial statements, periodic reports, and disclosures 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.
- The Committee shall maintain an open avenue of communication between it and the independent auditor, the Company's management, and the CAO. The Committee shall meet periodically in separate sessions with the independent auditor, the CAO, 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.

Annual Review of Charter; Amendments

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

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