



**CENTRAL VALLEY COMMUNITY BANCORP  
AUDIT COMMITTEE CHARTER**

**Last Reviewed as of 12/31/2018**

**I. Purpose**

- A. The Audit Committee is appointed by the Boards of Directors (“Board”) of Central Valley Community Bancorp and its subsidiary, Central Valley Community Bank (collectively, the “Company”), to oversee accounting and financial reporting processes of the Company and the audit of the Company’s financial statements, and assist the Board in monitoring
- (1) the integrity of the financial statements of the Company,
  - (2) the independent auditor’s qualifications and independence,
  - (3) the performance of the Company’s internal audit function and independent auditors, and
  - (4) compliance by the Company with legal and regulatory requirements.
- B. The Audit Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the “Commission”) to be included in the Company’s annual proxy statement.
- C. The function of the Audit Committee is oversight of the financial reporting and disclosure process. To fulfill this obligation, the Audit Committee relies on:
- Management of the Company for the preparation, presentation and integrity of the Company’s financial statements.
  - Management and the internal auditors for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations.
  - The outside independent auditors for planning and carrying out an unbiased diligent audit of the Company’s annual financial statements and the effectiveness of the Company’s internal controls, reviews of the Company’s quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and other procedures.

- D. In fulfilling their responsibilities hereunder, it is recognized that members of the Audit Committee are not full-time employees of the Company and are not, and do not represent themselves to be, performing the functions of auditors or accountants. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures or to set auditor independence standards. Each member of the Audit Committee shall be entitled to rely on:
- the integrity of those persons and organizations within and outside the Company from which it receives information; and
  - the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board).

## II. **Composition of the Audit Committee**

- A. The Audit Committee shall be comprised of at *least* three directors, each of whom:
- (1) Is “independent” in accordance with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended (“Exchange Act”) and under the rules of the NASDAQ Stock Market, Inc.;
  - (2) Is not an “affiliate” of the Company or any subsidiary of the Company, as such term is defined in Rule 10A-3 under the Exchange Act;
  - (3) Does not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company other than in his or her capacity as a member of the Board or any committee of the Board; and
  - (4) Has not participated in the preparation of the financial statements of the Company or any subsidiary of the Company for the prior three years.
- B. All members of the Audit Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement, and statement of cash flows. The Audit 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 that leads to financial sophistication. At least one member of the Audit Committee must be an “audit committee financial expert” for purposes of SEC Regulation S-K, Item 407(d)(5). A person who satisfies this definition of audit committee financial expert will also be presumed to have financial sophistication.
- C. The members of the Audit Committee shall be appointed by the Board on the recommendation of the Chairman of the Board and shall serve at the pleasure of the Board and for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any member from the Audit Committee at any time with or without cause. The Board shall designate a member of the Audit Committee as the chairperson.

### **III. Meetings**

- A. The Audit Committee shall meet as often as it determines is necessary, but not less frequently than quarterly.
- B. The Audit Committee shall meet periodically with management, the internal auditors, and the independent auditor in separate executive sessions.
- C. 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.
- D. The Audit Committee's meetings are governed by the same rules (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.

### **IV. The Audit Committee Authority**

- A. 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 auditors, counsel and advisors, and any and all third parties, and require the full cooperation of all such persons in the performance of the Audit Committee's functions.
- B. The Audit Committee may cause an investigation to be made into any matter within the scope of its responsibilities under this Charter as the Audit Committee deems necessary, or as otherwise authorized, requested or directed by the Board. The Audit Committee may require Company personnel to assist in any such investigation, and may engage independent resources as it deems necessary.
- C. The Audit Committee shall have the sole authority to select and retain (subject, if applicable, to shareholder ratification) an independent public accounting firm to act as the Company's independent auditor, which shall report directly to the Audit Committee, as well as determine funding for and oversee the Company's independent auditor, and terminate the independent auditor, if necessary.
- D. The Audit Committee shall have the authority, to the extent it deems necessary or appropriate and without seeking approval of the Board or management, to retain independent legal, accounting or 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 such outside counsel and other advisors.
- E. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering and/or issuing an audit report and to any advisors employed by the Audit Committee.
- F. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that

decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting.

- G. The Audit Committee shall make regular reports to the Board on its discussions and actions, including any significant issues or concerns that arise at its meetings, and shall make recommendations to the Board as appropriate.
- H. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- I. The Audit Committee shall annually review the Audit Committee's own performance. Such review shall be in the form of a self-assessment of the activities scheduled to be performed on an annual basis and to the extent to which such activities have been fully performed during such period.

V. **Audit Committee Responsibilities.**

The Audit Committee, to the extent required by law and otherwise as it deems necessary or appropriate, shall carry out the following responsibilities:

A. **Oversight of Financial Statements and Disclosure Matters**

- (1) Review and discuss with management and the independent auditor the annual audited financial statements, 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 whether the Form 10-K should be filed with the Commission, and produce the audit committee report required to be included in the proxy statement.
- (2) Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements.
- (3) Discuss with management and the independent auditor significant financial reporting issues 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.
- (4) Obtain from the independent auditors, review and discuss a timely report relating to the Company's annual audited financial statement and quarterly reports relating to the Company's quarterly unaudited financial statements on:
  - a. All critical accounting policies and practices to be used in the audit.
  - b. 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.

- c. Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- (5) Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information and compliance with Regulation G with respect thereto, 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) Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
- (8) Review disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q as to the existences of any significant deficiencies in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data, and material weaknesses in internal controls, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
- (9) Review all related party transactions of the Company on an ongoing basis in accordance with Company policies and procedures.

**B. Oversight of the Independent Auditor**

- (1) 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.
- (2) Preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimus 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.
- (3) Obtain and review a report from the independent auditor at least annually, (it being understood that the independent auditor is responsible for the accuracy and completeness of this report) regarding:
  - 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 firm,

- c. any steps taken to deal with the material issues raised in the quality-control review, and
  - d. all relationships between the independent auditor and the Company and/or its subsidiaries and affiliates including each non-audit service provided to the Company, and the matters set forth in Financial Accounting Standards Board Standard No. 1.
- (4) Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and internal auditors.
  - (5) Review and evaluate the lead partner of the independent auditor team.
  - (6) Discuss with the independent auditor any relationships or services disclosed in the report of the independent auditor that may impact the quality of audit services or the objectivity and independence of the Company's independent auditor.
  - (7) Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to 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.
  - (8) Present its conclusions with respect to the independent auditor to the Board.
  - (9) Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the "concurring or reviewing partner" every five years as required by law and consider regular rotation of the accounting firm serving as the Company's independent auditor.
  - (10) Recommend to the Board 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.
  - (11) Meet with the independent auditor prior to the audit to discuss (i) the auditor's responsibilities under generally acceptable auditing standards and the responsibilities of management in the audit process, (ii) the overall audit strategy, (iii) the scope, timing, planning and staffing of the audit, (iv) any significant risks identified during the auditor's risk assessment procedures, and (v) when completed, results, including, significant findings, of the annual audit.
  - (12) Keep the Company's independent auditor informed of the Audit Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company, review and discuss with the Company's independent auditor its evaluation of the Company's identification of, accounting for, 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.

**C. Oversight of the Company's Internal Audit Function**

- (1) Review the appointment and replacement of the senior Internal Audit Officer.
- (2) Review the significant reports to management prepared by the internal audit department and management's responses.
- (3) Discuss with the independent auditor and management the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope or activities of the internal audit function.
- (4) With respect to those internal audit functions provided in part or in total by outside independent internal auditors:
  - a. review the fees charged for internal audit services;
  - b. ensure that the independent internal auditors prepare and deliver to the Audit Committee after each audit a report indicating their findings and recommendations;
  - c. instruct the independent internal auditors that they are accountable directly to the Audit Committee of the Board; and
  - d. provide an open avenue of communication between the Internal Audit Officer, the independent internal auditors, and the Board.

**D. Compliance Oversight Responsibilities**

- (1) Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act regarding "illegal acts" has not been implicated.
- (2) Obtain reports from management, the Company's senior Internal Audit Officer and the independent auditor that the Company is in conformity with applicable legal requirements and the Company's Code of Ethics and Conduct. Review reports and disclosures of insider and affiliated party transactions. 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 Ethics and Conduct.
- (3) 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.
- (4) Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
- (5) Discuss with the Company's counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.
- (6) With respect to the Internal Audit Officer and his/her duties of internal auditing,

- a. Review the appointment, replacement and budget of the Internal Audit Officer; and
  - b. Advise the Internal Audit Officer that he or she is expected to provide to the Audit Committee summaries of and, as appropriate, the significant reports to management prepared by the Internal Audit Manager and management's responses thereto.
7. With respect to financial reporting principles and policies and internal audit controls and procedures,
- a. Advise management, the Internal Audit Officer, the independent internal auditors, and the outside auditors, that they are expected to provide to the Audit Committee a timely analysis of significant financial reporting issues and practices;
  - b. Consider any reports or communications (and management's and/or the Internal Audit Officer's responses thereto) submitted to the Audit Committee by the outside auditors required by or referred to in Statement on Auditing Standards No. 61 (as codified by AU Section 380), as may be modified or supplemented, including reports and communications related to:
    - deficiencies noted in the audit in the design or operation of internal controls, and computerized information system controls and security;
    - consideration of fraud in a financial statement audit;
    - detection of illegal acts;
    - the outside auditor's responsibility under generally accepted auditing standards;
    - significant accounting policies;
    - management judgments and accounting estimates;
    - adjustments arising from the audit;
    - the responsibility of the outside auditor for other information in documents containing audited financial statements;
    - disagreements with management;
    - consultation by management with other accountants;
    - major issues discussed with management prior to retention of the outside auditor;
    - difficulties encountered with management in performing the audit;
    - the outside auditor's judgments about the quality of the Company's accounting principles; and
    - reviews of interim financial information conducted by the outside auditor;
  - c. Meet with management, the Internal Audit Officer and/or the outside auditors and examiners, as appropriate:

- to discuss the scope of the annual audit plan;
  - to discuss the audited financial statements;
  - to review the form of opinion the outside auditors propose to render to the Board and shareholders; and
  - to discuss significant changes to the Company's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the outside auditors or management;
- d. Inquire about significant risks and exposures, if any, and the steps taken to monitor and minimize such risks;
- e. Review all regulatory examinations and matters as appropriate; and
- f. Review information system security as appropriate.

**V. Limitation of Audit Committee's Role**

- A. 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 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.*

Approved by the Audit Committee: 3/7/2019

Approved by the Board of Directors: 3/20/2019