



COMMERCIAL BANCGROUP, INC. AUDIT COMMITTEE CHARTER

PURPOSE

- 1.1 The purpose of the Audit Committee ("**Committee**") of the Board of Directors ("**Board**") of Commercial Bancgroup, Inc. ("**Company**") is to oversee the Company's accounting and financial reporting processes and the audit of the Company's financial statements. The Committee shall assist the Board in fulfilling its oversight responsibilities relating to:
 - (a) The integrity of the Company's financial statements;
 - (b) The independence, qualifications and performance of the Company's independent auditors;
 - (c) The Company's system of internal controls;
 - (d) The Company's risk assessment; and
 - (e) The Company's compliance with applicable legal and regulatory requirements.
- 1.2 The Committee shall also prepare an audit committee report as required by the U.S. Securities and Exchange Commission ("**SEC**") to be included in the Company's annual proxy statement.

COMPOSITION OF THE COMMITTEE

- 2.1 The Committee will consist of at least three members of the Board. Each member of the Committee shall be independent in accordance with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and shall also satisfy the requirements for independence established by the Nasdaq Stock Market and the rules and regulations of the SEC. No member of the Committee can have participated in the preparation of the Company's or any of its subsidiaries' financial statements at any time during the past three years.
- 2.2 The members of the Committee shall be appointed by the Board, based on recommendations from the Nominating and Corporate Governance Committee of the Board, and shall serve for such term or terms as the Board may determine or until earlier resignation, removal or death. The Board may remove any member from the Committee at any time with or without cause.
- 2.3 Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. At least one member of the Committee must have 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 Committee must be an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K. A person who satisfies this definition of audit committee financial expert will also be presumed to have financial sophistication.
- 2.4 No member of the Committee may serve simultaneously on the audit committee of more than two other public companies without the prior approval of the Board. Additionally, the chairperson of the

Committee may not serve simultaneously on the audit committee of more than one other public company without the prior approval of the Board.

STRUCTURE AND OPERATIONS

- 3.1 The Board shall designate a member of the Committee as the chairperson of the Committee. The Committee will meet as often as it determines is appropriate, but not less frequently than quarterly. The chairperson of the Committee shall report after each Committee meeting to the Board on its discussions and actions, including any significant issues or concerns that arise at Committee meetings, and shall make recommendations to the Board as appropriate. 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. All Committee members are expected to attend each meeting of the Committee, in person or by telephone or other similar communications equipment.

CONFLICTS OF INTEREST

- 4.1 The Committee has authority to conduct or authorize examinations into any matters within its scope of responsibility. It has sole authority to (a) select and retain an independent registered public accounting firm to act as the Company's independent auditors for the purpose of auditing the Company's annual financial statements, books, records, accounts and internal controls over financial reporting, (b) set the compensation of the Company's independent auditors, (c) oversee the work done by the Company's independent auditors, and (d) terminate the Company's independent auditors, if necessary. The Company's independent auditors will report directly to the Committee.
- 4.2 The Committee also has authority to:
- (a) Retain outside advisors, including legal counsel, as it determines necessary to carry out its duties;
 - (b) Meet with the Company's officers, independent auditors, or outside legal counsel, as necessary or appropriate;
 - (c) Select, retain, compensate, oversee and terminate, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company;
 - (d) Approve all audit engagement fees and terms and to pre-approve all audit and permitted non-audit and tax services that may be provided by the Company's independent auditors or other registered public accounting firms, and establish policies and procedures for the Committee's pre-approval of permitted services by the Company's independent auditors or other registered public accounting firms on an on-going basis; and
 - (e) Form and delegate any of its duties or responsibilities, along with the authority to take action in relation to such duties and responsibilities, to subcommittees consisting of one or more members of the Committee, as the Committee deems appropriate in its sole discretion, including the authority to grant pre-approvals of audit services, provided that decisions of any such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

- 4.3 The Company shall provide appropriate funding, as determined by the Committee, for the payment of compensation to any registered public accounting firm or other advisor engaged by the Committee for the purpose of rendering or issuing an audit report or related work or performing any other audit, review, attestation or other service for the Company. The Company shall also provide appropriate funding, as determined by the Committee, to allow the Committee to perform its functions, including for administrative expenses that are necessary or appropriate for the Committee to carry out the Committee's duties and responsibilities.

FINANCIAL STATEMENTS AND RELATED DISCLOSURES

The Committee shall:

- 5.1 Review and discuss with the Company's independent auditors (a) the auditors' responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process, (b) the overall audit strategy, (c) the scope and timing of the annual audit, (d) any significant risks identified during the auditors' risk assessment procedures, and (e) when completed, the results, including significant findings, of the annual audit.
- 5.2 At least annually prior to the filing of the Company's Annual Report on Form 10-K ("**Form 10-K**") with the SEC (and more frequently if appropriate), review and discuss written and verbal reports from the Company's independent auditors on: (a) all critical accounting policies and practices to be used; (b) all alternative treatments within U.S. generally accepted accounting principles ("**GAAP**") that have been discussed with management, including ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditors; and (c) other material written communications between the auditors and management.
- 5.3 Review and discuss with the Company's independent auditors and management, as applicable, (a) any audit problems or difficulties, including difficulties encountered by the Company's independent auditors during their audit work (such as restrictions on the scope of their activities or their access to information), (b) any significant disagreements with management, and (c) management's response to these problems, difficulties or disagreements; and to resolve any disagreements between the Company's auditors and management.
- 5.4 Review with management and the Company's independent auditors: (a) any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles; (b) any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effects of alternative GAAP methods; and (c) the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements.
- 5.5 Keep the Company's independent auditors informed of 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 auditors the auditors' 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.
- 5.6 Review and discuss with the Company's independent auditors and management the Company's annual audited financial statements (including the related notes thereto), the form of audit opinion to be issued by the auditors on the financial statements and the disclosure under "Management's

Discussion and Analysis of Financial Condition and Results of Operations” (“**MD&A**”) to be included in the Company’s Form 10-K before it is filed with the SEC.

- 5.7 Recommend to the Board whether the Company’s audited financial statements and the related MD&A disclosure should be included in the Company’s Form 10-K filed with the SEC.
- 5.8 Review and discuss with management and the Company’s independent auditors the Company’s quarterly financial statements, prior to the Company filing with the SEC each of its Quarterly Reports on Form 10-Q (“**Form 10-Q**”), including disclosures made in the MD&A section thereof, and the results of the Company’s independent auditors review of the quarterly financial statements.
- 5.9 Review and discuss with management and the Company’s independent auditors the disclosure required by the SEC to be included in the Company’s proxy statement with respect to the independent auditors’ fees.
- 5.10 Review and discuss disclosures made to the Committee by the Company’s Chief Executive Officer and Chief Financial Officer during their certification process for the Company’s Form 10-K and Form 10-Q filings, 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.
- 5.11 Review and discuss with management and the Company’s independent auditors all matters required to be communicated by the independent auditors to the Committee under the standards of the Public Company Accounting Oversight Board (“**PCAOB**”) and generally accepted auditing standards, including matters required to be discussed by PCAOB Auditing Standards 1301.
- 5.12 Discuss with management the Company’s earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- 5.13 Discuss with management the Company’s use of any non-GAAP financial metrics in earnings releases, SEC filings, and investor presentations.

OVERSIGHT OF RELATIONSHIP WITH THE COMPANY’S INDEPENDENT AUDITORS

The Committee shall:

- 6.1 Before the engagement of the Company’s independent auditors and at least annually thereafter, review and discuss with the independent auditors the independent auditors’ written communications to the Committee regarding the relationships between the auditors and the Company that, in the auditors’ professional judgment, may reasonably be thought to bear on its independence and affirming in writing to the Audit Committee that the auditors are independent.
- 6.2 Obtain from the Company’s independent auditors a formal written statement delineating all relationships between the independent auditors and the Company. It is the responsibility of the Committee to actively engage in a dialogue with the Company’s independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and for purposes of taking, or recommending that the full Board take, appropriate action to oversee the independence of the Company’s independent auditors.

INTERNAL CONTROLS

The Committee shall:

- 7.1 Consider the effectiveness of the Company's internal control systems, including information technology security, overall anti-fraud programs and related internal controls over financial reporting and the extent and results of reviews and testing by the Company's internal auditing department and external auditor(s).
- 7.2 Understand the scope of the Company's internal audit processes and the independent auditors' reviews of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- 7.3 Monitor progress in promptly addressing and correcting any significant deficiencies in financial reporting, internal controls and related matters.

RISK OVERSIGHT

The Committee shall:

- 8.1 Discuss with management the Company's major financial, information security, and cybersecurity risk exposures and the steps management has taken to monitor and control such exposures, including the guidelines and policies by which risk assessment and risk management is undertaken with respect to the Company's major financial, information security, and cybersecurity risk exposures.
- 8.2 Obtain regular updates from management and the Company's legal counsel regarding legal matters that may have a significant impact on the Company's financial statements.
- 8.3 Discuss with management exposures, and the steps taken by management to monitor and control such exposures, relating to:
 - (a) Litigation risk;
 - (b) Credit risk, including the level and adequacy of the allowance for credit losses and compliance with applicable policies, limits, activities and procedures; and
 - (c) Reputational risks related to the Committee's responsibilities described in this charter.
- 8.4 Oversee the reporting of the Company's material risks from cybersecurity threats, management's processes to monitor, detect, mitigate, and remediate cybersecurity incidents, and the Company's disclosure of any cybersecurity incident deemed material (any such determination of materiality to be made by the Board upon recommendation of the Committee) as required by the SEC or any other governmental or regulatory authority.

COMPLIANCE OVERSIGHT

The Committee shall:

- 9.1 Review, approve and oversee any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K) and any other potential conflict of interest situations on an ongoing basis, in accordance with Company policies and procedures.
- 9.2 Obtain from the Company's independent auditors any information with respect to illegal acts in accordance with Section 10A(b) of the Exchange Act.
- 9.3 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.

- 9.4 Review any complaints or other submissions that have been received from employees, the current status thereof, and the resolution thereof if one has been reached.
- 9.5 Review and discuss with management and the Company's independent auditors any correspondence with, or the findings of any examinations by, regulatory agencies and any published reports or auditor observations that raise significant issues regarding the Company's financial statements or accounting policies.
- 9.6 Monitor compliance with the Company's Code of Conduct and Ethics (the "**Code**"), investigate any alleged breach or violation of the Code, enforce the provisions of the Code, and, as applicable, approve any waivers of the Code for Company directors or executive officers.

OTHER RESPONSIBILITIES

- 10.1 Review and assess the adequacy of the Committee's charter annually, requesting Board approval for proposed changes to the same and ensuring appropriate related disclosure as may be required by law or regulation.
- 10.2 Annually review the Committee's own performance, including a review of the compliance of the Committee with this charter.
- 10.3 Perform such other duties and responsibilities as may be directed by the Board or required by applicable laws, rules or regulations.