



CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. PURPOSE

This charter (“Charter”) of the Audit Committee (the “Committee”) has been adopted and approved by the Board of Directors (the “Board”) of Primis Financial Corp. (the “Company”). The primary role of the Committee is to oversee the Company’s accounting and financial reporting and disclosure process, financial statement audits, and to fulfill its responsibility to stockholders with respect to its oversight of:

- 1) The quality and integrity of the Company’s financial statements, including matters relating to the Company’s internal accounting controls, disclosure controls, procedures, and internal controls over financial reporting;
- 2) The Company’s compliance with legal and regulatory requirements, including those promulgated by the Securities and Exchange Commission (the “SEC”), the NASDAQ Stock Market (“NASDAQ”), and the Board of Governors of the Federal Reserve (the “Federal Reserve”); and
- 3) The Company’s independent registered public accounting firm(s) (“Independent Auditor(s)”) appointment, compensation, qualifications, and independence;
- 4) The performance of the Company’s internal audit function and chosen Independent Auditors.

It is the responsibility of the Committee to provide an open avenue of communication between the Committee, the Board, management, the Director of Internal Audit, the Chief Risk Officer (“CRO”), and the Independent Auditors. Management is responsible for the preparation, presentation and integrity of the Company’s financial statements and the effectiveness of internal controls over financial reporting, and for maintaining appropriate accounting and financial reporting policies and procedures that provide for compliance with applicable accounting standards, laws and regulations. The Company’s chosen Independent Auditor(s) is responsible for planning and carrying out a proper audit of the Company’s annual financial statements, including reviewing the Company’s quarterly financial statements prior to the filing of Form 10-Q, and annually reporting on the effectiveness of the Company’s internal controls over financial reporting and other applicable procedures. Independent Auditors for the Company are accountable to the Board and the Committee as representatives of the Company’s stockholders. The Committee shall hold management accountable to implement and maintain necessary and appropriate policies and procedures to carry out its responsibilities under this Charter.

II. COMPOSITION

The Committee shall be comprised of at least three directors of the Company, in good standing, as determined by the Board, each of whom must be “independent” as defined by NASDAQ Rule 5605(a)(2), Rule 10A-3 under the Securities and Exchange Act of 1934 and Section 301 of the Sarbanes Oxley Act of 2002 (“SOX”). The members of the Committee shall be appointed by the Board and shall serve for such term or terms as the Board may determine, or until earlier resignation or death. The Board may remove any member from the Committee at any time with or without cause. The Board will designate the chair of the Committee.

All members of the Committee shall be literate with respect to and understand fundamental financial statements, including the Company's balance sheet, income statement and statement of cash flows at the time of appointment. In order to comply with Section 407 of SOX, at least one member of the Committee shall have significant and material accounting, auditing, or related financial management expertise and be designated as the "audit committee financial expert". The members should collectively possess sufficient knowledge of audit, information technology, law, governance, risk, and control.

All directors of the Company who are not members of the Committee may generally attend meetings of the Committee but may not vote on any matter coming before the Committee for a vote. Additionally, the Committee may invite to its meetings any director, member of management of the Company, and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate, including a director who is not a member of the Committee, in order to carry out its responsibilities.

III. MEETINGS AND REPORTING

The Committee shall meet as often as necessary to carry out its responsibilities, but not less than once each quarter. The Board shall designate a member of the Committee as the chairperson of the Committee, who shall preside at all meetings of the Committee and shall ensure that the Committee has a written agenda for its meetings. The chairperson of the Committee shall report on any Committee meeting held at the next regularly scheduled Board meeting following the Committee meeting. The Committee shall meet, in executive sessions, with internal auditors, the Independent Auditors, and any member of management or any other persons as it deems appropriate in order to carry out its responsibilities. The Committee shall meet on a regular basis, separately with management, to discuss any matters the Committee or management believes should be discussed privately.

The Committee shall report on its activities to the Board and, where appropriate, its recommendations for action to the Board at the next meeting subsequent to the Committee's meeting. Certain actions by the Committee may be similarly reported to the Board for approval, ratification, and/or confirmation. The Committee's reporting to the Board shall include any material issues that arise with respect to the quality or integrity of the Company's financial statements, concerns regarding compliance with regulatory and legal requirements, the performance and independence of the Independent Auditor(s), and the performance and independence of the Company's Internal Audit function.

IV. AUTHORITY

The Committee shall have the sole authority to appoint, determine funding for, retain, evaluate, terminate and oversee the work of the Independent Auditor(s). The Committee shall be directly responsible for the compensation and oversight of the work of the Independent Auditor(s) (including resolution of disagreements between management and the Independent Auditor(s) regarding financial reporting and other matters) for the purpose of ensuring the Independent Auditor(s) is able to prepare and issue their final audit report or complete their related work. The Independent Auditor(s) shall report directly to the Committee.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. The Committee shall have unrestricted access to members of management, employees, and any relevant information it considers necessary to discharge its duties. The Committee will also have unrestricted access to all Company records, data, and reports. The Committee may retain independent counsel, independent accounting firms or other external advisors, and professional service providers as it determines necessary to carry out its duties.

The Committee shall pre-approve all auditing services, internal financial control related services, and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its Independent Auditor(s), subject to the de minimis exception for non-audit services that are approved by the Committee prior to the completion of the audit. The Committee may establish pre-approval policies and procedures in compliance with applicable SEC rules.

V. RESPONSIBILITIES

A. The Audit Committee shall:

1. Conduct itself in accordance with the code of values and ethics of the Company.
2. Review this Charter annually, consider changes that are necessary as a result of new laws or regulations, and recommend any proposed changes to the Board.
3. Review and approve the Internal Audit Charter annually. The charter should be reviewed to ensure that it accurately reflects the Internal Audit function's purpose, authority, and responsibility consistent with the IIA's International Professional Practices Framework.
4. Meet each time the Company proposes to release its quarterly or annual earnings information, including earnings press releases, as well as financial information and earnings guidance provided to analysts, to review and discuss such information with the Company's Chief Financial Officer ("CFO"), including the Company's use of any non-GAAP financial metrics in earnings releases, SEC filings and investor presentations. These meetings may be combined with regularly scheduled meetings), or held more frequently as circumstances may require.
5. Ensure Committee meeting minutes are prepared and reported to the Board, as well as any other reports or information deemed necessary by the Committee, or as required by the Board, to facilitate communication and oversight responsibilities.
6. Provide for direct, complete, and open communication among the Independent Auditor(s), management, the Internal Audit function, and the Board.
7. Review and ensure the proper development and implementation of a certification process over the Company's internal controls over financial reporting and compliance with Sarbanes Oxley Section 404 attestation requirements.
8. Periodically review the Company's Code of Ethics to ensure that it is adequate and up-to-date.
9. Review with the Director of Internal Audit and CRO, non-compliance with the Company's Code of Ethics and issues/complaints communicated through the Company's whistleblower program in accordance with the Company's Whistleblower Policy.
 - Ensure procedures are maintained for the receipt, retention, and treatment of issues or complaints received by the Company regarding illegal or unethical behavior, violations of law, regulation, rule or policy of the Company, accounting procedures and controls, or matters that may be submitted by any internal or external party to the Company, including confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters utilizing the Company's whistleblower reporting call line.
 - Review any issues or complaints that might have been received, their current status, their resolution if one has been reached, and appropriate communication back to the complainant as warranted.
10. Ensure compliance with applicable legal and regulatory requirements for financial reporting and auditing of financial statements issued by the SEC, Financial Accounting Standards

Board (FASB), Public Company Accounting Oversight Board (PCAOB), NASDAQ, and the Federal Reserve.

11. Review its effectiveness and fulfillment of its responsibilities under this Charter and applicable laws and regulations by conducting an annual self-assessment.

B. Oversight of the Financial Reporting Process:

12. Appoint the independent accounting firm(s) to be engaged by the Company, establish compensation and oversight of all work of the independent accounting firm, including pre-approval of any non-audit services provided by the Independent Auditor(s), including tax services, before the services are rendered.
13. Obtain from the Independent Auditor(s), a formal written statement delineating all relationships between the independent registered public accounting firm and the Company that could be perceived as a conflict of interest.
14. Meet with the Independent Auditor(s) prior to the commencement of audit fieldwork to discuss the planning and staffing of their audit process.
15. Review and evaluate, at least annually, the performance of the Independent Auditor(s) and review with the Board any proposed discharge of the Independent Auditor(s).
16. Review and evaluate the lead partner of the Independent Auditor(s). Ascertain that the lead and concurring audit partners from the Independent Auditor(s) performing independent financial statement audit services of the Company, serve in that capacity for no more than five fiscal years. In addition, ascertain that any partner other than the lead or concurring partner serves no more than seven years at the partner level on the Company's financial statements audit.
17. Obtain and review at least annually a report by the Independent Auditor(s) describing their internal quality-control procedures, and any material issues raised by the most recent internal quality-control review or peer review of the independent accounting firm.
18. Establish policies concerning the Company's hiring of employees or former employees of the Independent Auditor(s), as required by law and by NASDAQ.
19. Review with the Independent Auditors, the Director of Internal Audit, and CRO:
 - The adequacy of the Company's internal controls including computerized information system controls and security; and
 - Any related significant findings and recommendations of the Independent Auditor(s) together with management's responses thereto including the timely remediation of any corrective action required.
20. Review with management and the Independent Auditor(s) the effect of any applicable new regulatory financial reporting changes and/or accounting initiatives.
21. Oversee the preparation of an annual report of the Committee as required by the rules of the SEC and the annual affirmation required by the appropriate listing exchange, if necessary. When required by SEC rules, include in the Company's annual proxy statement a report of the Committee in accordance with the proxy rules promulgated by the SEC.
22. Review and discuss with management, the Independent Auditor(s), the Director of Internal Audit, and the CRO, the Company's annual audited financial statements, including reviewing the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and interim financial statements, including the results of the review of the quarterly financial statements performed by the Independent Auditor(s), including review of the Company's specific disclosures under

“Management’s Discussion and Analysis of Financial Condition and Results of Operations before they are filed on Form 10-K or Form 10-Q with the SEC or other regulators.

23. Review with the Independent Auditor(s) that perform the financial statements audit:
 - All critical accounting policies, procedures, and practices used by the Company.
 - All alternative treatments of financial information within generally accepted accounting principles (“GAAP”) that have been discussed with management of the Company, the ramifications of each alternative, and the treatment preferred by the Company.
24. Review all material written communications between the Independent Auditor(s) and Management, such as any management letter or schedule of unadjusted differences.
25. Review and discuss with management and the Independent Auditor(s):
 - The Company’s annual financial statements and related footnotes;
 - The Independent Auditor’s audit of the financial statements and their report thereon;
 - The Independent Auditor’s judgments about the quality, not just the acceptability, of the Company’s accounting principles as applied in its financial reporting;
 - Any significant changes required in the Independent Auditor’s audit plan;
 - Significant accounting and financial reporting issues, including complex or unusual transactions and judgments concerning significant estimates or significant changes in the Company’s selection or application of accounting principles;
 - Recent professional, accounting and regulatory pronouncements and initiatives, and understand their impact on the Company’s financial statements;
 - Any difficulties or disputes with management encountered during the audit, any restrictions on the scope of activities or access to requested information; and
 - Matters required to be discussed to the Committee by the Independent Auditor(s) under GAAP, including matters required to be disclosed PCAOB Auditing Standards No. 16.
26. Review with the CRO and Director of Internal Audit any legal and regulatory matters that, in the opinion of management, may have a material impact on the Company’s financial statements, related compliance policies and programs, and that may impact the Company’s status with its regulators.
27. Oversee the adequacy of the Company’s system of internal controls, including reviewing and discussing disclosures made to the Committee by management during their certification process for the Form 10-K and Form 10-Qs about any significant deficiencies in the design or operation of internal controls or material weaknesses therein, and for compliance with SOX Section 404 attestations.

C. Oversight of the Internal Audit Function:

28. Review and concur in the appointment, replacement, performance, reassignment, or dismissal of the Director of Internal Audit and/or the CRO as it relates to the overall performance of the Internal Audit function.
29. Ensure activities are conducted in accordance with professional standards, such as the Institute of Internal Auditors’ (IIA) *Standards for the Professional Practice of Internal Auditing*.
30. Inquire of management, the CRO, Director of Internal Audit, and the Independent Auditors about significant risk exposures facing the Company, including evaluation of the risk

remediation process implemented to hold management accountable to minimize identified risks to the Company; and periodically review compliance with the risk remediation process.

31. Obtain updates from management and Company counsel as necessary regarding legal matters that may have a significant impact on the Company's financial statements.
32. Discuss with management exposures and the steps taken by management to monitor and control exposures relating to: (i) litigation risk, (ii) reputational risk related to the Committee's responsibilities in this Charter, (iii) the level and adequacy of the allowance for credit losses, and (iv) capital adequacy.
33. Review with the Director of Internal Audit, CRO, and management, the annual Internal Audit Risk Assessment and Plan (the "Plan"). Evaluate the adequacy of resources necessary to assure the completeness of coverage and execution of the Plan, opportunities to reduce redundant efforts, and the effective use of internal audit resources.
34. Review and discuss:
 - Significant findings from internal audits or other outsourced audits or reviews performed during the year and management's responses thereto, including timing of any required corrective action and remediation.
 - Any difficulties the internal audit team or others encountered during the course of their reviews, including any restrictions placed by management on the scope of their work or access to required information.
 - Any changes required to the Internal Audit Plan throughout the year (significant changes require Committee approval).
 - The Internal Audit department budget and staffing requirements to ensure the function remains appropriately staffed with qualified individuals and the resources necessary to carry out the department's responsibilities.

VI. Limitations on Audit Committee Responsibilities

Notwithstanding the responsibilities and powers of the Committee set forth in this Charter, the Committee does not have the responsibility of planning or conducting audits of the Company's financial statements or determining whether the Company's financial statements are complete, accurate or prepared in accordance with GAAP. Such responsibilities are those of management and, to the extent of the Independent Auditor(s) responsibilities, those of the Independent Auditors. Each member of the Committee is entitled to rely on the integrity of those persons and organizations within and outside the Company that provides information to the Committee and the accuracy and completeness of the financial and other information provided to the Committee by such persons and organizations absent actual knowledge to the contrary. In addition, the members of the Committee are not Independent Auditors and the term "review" as used in this Charter is not intended to be interpreted to suggest that the members of the Committee can or should carry out the procedures required of Independent Auditor(s) performing a review of financial statements.