

MEDALLION BANK

Audit Committee Charter

(as adopted on December 3, 2019 and updated on February 6, 2020)

PURPOSES:

The purposes of the Audit Committee (the “Committee”) of the Board of Directors (“Board”) of Medallion Bank (the “Bank”) are as follows:

1. To assist Board oversight of (a) the integrity of the Bank’s financial statements, (b) the Bank’s compliance with legal and regulatory requirements, (c) the independent auditor’s qualifications and independence, and (d) the performance of the independent auditors and the Bank’s internal audit function.
2. To prepare the report of the Committee for inclusion in the Bank’s annual report on Form 10-K, in accordance with applicable rules and regulations of the Securities and Exchange Commission (“SEC”).

MEMBERSHIP:

The Committee shall be comprised of three (3) or more members of the Board. The Committee shall be organized in compliance with rules and listing standards established by the principal exchange on which the Bank’s equity shares are traded (the “Exchange”), the applicable SEC rules, the regulations promulgated by the Federal Deposit Insurance Corporation (the “FDIC”), and requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Board shall appoint members of the Committee and members shall serve at the pleasure of the Board. The Board shall designate one of the Committee members to serve as Chairperson of the Committee. No member of the Committee may receive any compensation from the Bank other than in his or her capacity as a member of the Committee, the Board or any other Board committee. Committee members shall have the following qualifications:

1. Each member of the Committee shall be (a) “independent” in accordance with standards established by Rule 5605(a)(2) of the Exchange from time to time and (b) an “outside director” who is “independent of management” under Part 363 of the regulations promulgated by the FDIC (“Part 363”), each as determined by the Board in its business judgment. Additionally, when the Bank has total assets of more than \$3 billion, measured as of the beginning of any fiscal year as reported on its Call Report, the Board shall also determine whether the members of the Committee satisfy the additional requirements of Part 363 applicable to institutions of such size.

2. Each member of the Committee shall meet the criteria for independence set forth in Rule 10-A-3(b)(1) under the Exchange Act (subject to the exemptions provided in Rule 10A-3(c) under the Exchange Act).
3. Each member of the Committee shall not have participated in the preparation of the financial statements of the Bank at any time during the past three years.
4. Each member of the Committee shall be able to read and understand fundamental financial statements (or become so within a reasonable time after his or her appointment to the Committee), as such qualification is interpreted by the Board in its business judgment in accordance with standards established by the Exchange.
5. At least one member of the Committee shall have such attributes relating to financial expertise as the Board determines in its business judgment satisfy standards set forth in rules and listing standards of the Exchange and the rules and regulations established by the SEC.

DUTIES AND RESPONSIBILITIES:

The Committee has the following duties and responsibilities:

- A. To be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors (including the resolution of disagreements between management and the independent auditors regarding financial reporting), who shall report directly to the Committee, and to ensure that engagement letters and any related agreements with the independent auditors comply with Part 363.
- B. To pre-approve, or to adopt appropriate procedures to pre-approve, all audit and non-audit services to be provided by the independent auditors.
- C. To review and be familiar with the notice requirements in Part 363 relevant to any selection, change or termination of the Bank's independent auditors and ensure that management sends a copy of any notice required under Part 363 to the independent auditors when such notice is filed with the FDIC, the Federal Reserve, any appropriate federal banking agency, or the Utah Department of Financial Institutions.
- D. At least annually, to obtain and review a report by the independent auditors describing (1) the auditing firm's internal quality-control procedures, (2) any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues, and (3) all relationships between the independent auditor and the Bank.
- E. To review and evaluate the qualifications, performance and independence of the lead partner of the independent auditors and present the Committee's conclusions with respect to the independent auditors to the full Board.

- F. To ensure that the lead audit partner does not serve in that capacity for more than five years and consider whether the audit firm itself should be changed periodically.
- G. To discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Bank's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and ensure that the financial statements are consistent with the requirements of Part 363.
- H. To receive reports from the Bank's Chief Executive Officer and Chief Financial Officer of (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarize and report financial data and identify any material weakness in internal controls, and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal controls.
- I. To review analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the Bank's financial statements, including analyses of the effects of alternative GAAP methods on the Bank's financial statements, and to review the effect of regulatory and accounting initiatives, as well as off-balance sheet structures on the financial statements of the Bank.
- J. To review in advance of distribution all dividends and earnings press releases (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), as well as financial information and earnings guidance provided to analysts and rating agencies.
- K. To consider any reports or communications submitted to the Committee by the independent auditors required by or referred to in applicable Public Company Accounting Oversight Board or other applicable standards, including reviewing any accounting adjustments that were noted or proposed by the auditor but were "passed" (including similar adjustments that were passed because individually they were not material); any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement; and any "management" or "internal control" letter issued, or proposed to be issued, by the auditing firm to the Bank.
- L. As appropriate, to obtain advice and assistance from outside legal, accounting or other advisors.
- M. To discuss policies with respect to risk assessment and risk management.
- N. To review the adequacy of management information systems, internal accounting and financial controls.
- O. To meet separately, on a periodic basis, with Bank personnel responsible for the internal audit function and with independent auditors.

- P. To review with the independent auditor any audit problems or difficulties and management's response.
- Q. To establish policies regarding hiring employees or former employees of the independent auditors.
- R. To review with management and the independent public accountants the basis of the annual management report required by Part 363 and to discuss management's approach for compliance with the Federal Deposit Insurance Corporation Improvement Act and Part 363.
- S. To review annually the policies relating to compliance with legal and regulatory requirements and the Bank's compliance therewith.
- T. To review annually the adequacy of this Charter and recommend any changes to the full Board.
- U. To review and provide oversight of all related-party transactions of the Bank in accordance with the policies of the Bank in effect from time to time.
- V. To meet four times a year or more frequently as circumstances require.
- W. To report regularly to the Board.
- X. To establish procedures for the receipt, retention and treatment of complaints on accounting, internal accounting controls or auditing matters, as well as for confidential, anonymous submissions by Bank employees concerns regarding questionable accounting or auditing matters.

DELEGATION TO SUBCOMMITTEE:

The Committee may, in its discretion, delegate a portion of its duties and responsibilities to a subcommittee of the Committee.

RESOURCES AND AUTHORITY OF THE COMMITTEE:

The Committee will be given the resources and authority appropriate to discharge its duties and responsibilities, including the authority to retain counsel and other experts or consultants. The Committee has the sole authority to approve all audit engagement fees and terms, as well as significant non-audit engagements with the independent auditors. The Bank will provide appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of compensation (a) to the public accounting firm employed to audit the Bank's financial statements and (b) to any advisors employed by the Committee.

MINUTES:

Minutes will be kept of each meeting of the Committee and will be available to each member of the Board. Any action of the Committee (other than actions for which the Committee has sole authority as set forth herein) shall be subject to revision, modification, rescission, or alteration by the Board, provided that no rights of third parties shall be affected by any such revision, modification, rescission, or alteration.

AMENDMENTS:

This Audit Committee Charter may be amended in whole or in part with the approval of a majority of the Board.