



Audit Committee Charter of Provident Bancorp, Inc. and The Provident Bank

fund purpose.

The Boards of Directors of Provident Bancorp, Inc. (the “Company”) and The Provident Bank (the “Bank”; “BankProv”) have established a Joint Audit Committee of the Boards of Directors and have adopted this Audit Committee Charter to govern the audit committee’s operations. Where applicable, references herein to the “Company” include Provident Bancorp, Inc. and the Bank, and references to the “Board” shall include the Boards of Directors of Provident Bancorp, Inc. and the Bank.

The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of any independent registered public accounting firm employed by the organization.
- Resolve any disagreements between management and the independent registered public accounting firm regarding financial reporting.
- Pre-approve all auditing and non-audit services.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation as the audit committee deems appropriate to perform its duties and responsibilities. The Company shall provide appropriate funding, as determined by the audit committee, to compensate the independent registered public accounting firm and any advisers that the audit committee engages, as well as to pay for ordinary administrative expenses of the audit committee that are necessary or appropriate in carrying out its duties.
- Seek any information it requires from employees — all of whom are directed to cooperate with the committee’s requests — or external parties.
- Meet with Company Officers and staff, independent registered public accounting firm, internal auditors, loan review or outside counsel, as it deems necessary.

purpose.

To oversee the Company’s accounting and financial reporting processes and the audits of the Company’s financial statements; to assist the Board of Directors in fulfilling its oversight responsibilities for the system of internal control and the Company’s process for monitoring compliance with laws and regulations and the Company’s Ethics Policy.

membership.

The audit committee will consist of at least three (3) members of the Board of Directors, as determined by the Board, with one such member to be designated by the Board to serve as Chair. If a Chair is not appointed by the full Board, the members of the audit committee shall designate a Chair by majority vote of the full audit committee membership. Each member of the audit committee shall be an independent director (as defined by applicable laws and rules, including Section 10A(m)(3) of the Securities Exchange Act of 1934 and Securities and Exchange Commission (“SEC”) Rule 10A-3 promulgated thereunder, and as defined by the Nasdaq Stock Market, Inc. rules for independence), and shall be free from any relationship (including disallowed compensatory arrangements) that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the audit committee. To the extent applicable, the audit committee shall also comply with 12 USC Sec. 1831m, and Part 363 of the rules and regulations of the Federal Deposit Insurance Corporation, which establish criteria for an independent audit committee.

The members of the audit committee will serve until their successors have been duly appointed and qualified. A majority of the membership of the audit committee shall constitute a quorum, and all actions of the audit committee shall require the affirmative vote of a majority of the membership of the audit committee. The entire audit committee or any individual audit committee member may be removed without cause by the affirmative vote of a majority of the Board. Audit Committee members shall not simultaneously serve on the audit committee of more than two other public companies.

frequency of meetings/participants.

The committee will meet at least six times a year, with authority to convene additional meetings as circumstances require. The committee will invite members of management, auditors, or others to attend meetings and provide pertinent information, as necessary. Each regularly scheduled meeting will conclude with an executive session of the audit committee absent members of management, and on such terms and conditions as the audit committee may determine. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. The audit committee will periodically, through its Chair, report to the Board on its actions and will prepare written minutes of each audit committee meeting, which minutes will be provided to the Board. As part of its job to foster open communication, the audit committee will meet periodically with management, the director of the internal auditing function, or such other person or persons responsible for the internal auditing function, and the independent registered public accounting firms in separate executive sessions to discuss any matters that the audit committee or each of these groups believes should be discussed privately. In addition, the audit committee will meet quarterly with the independent registered public accounting firms and management to discuss the annual audited financial statements or quarterly financial statements, including the Company’s disclosure under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

responsibilities.

The committee will carry out the following responsibilities:

Financial Statements and Financial Reporting

- Review with management, and as appropriate, independent registered public accounting firm all significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, as well as any significant changes in the Company's selection or application of accounting principles, and understand their impact on the Company's financial statements.
- Review with management and the independent registered public accounting firm the results of the audit, including any difficulties encountered, all other material written communications between the external auditor and management, and the integrity of financial reporting.
- Review the annual financial statements and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review with management and the independent registered public accounting firm all matters required to be communicated to the committee under generally accepted auditing standards.
- Review other relevant reports or financial information submitted by the Company to any governmental body, or the public, including management certifications as required by the Sarbanes-Oxley Act of 2002 (Sections 302 and 906) and relevant reports rendered by the independent registered public accounting firms (or summaries thereof).
- Recommend to the Board whether the annual financial statements should be included in the Annual Report on Form 10-K. Review with management and the independent registered public accounting firms the Quarterly Reports on Form 10-Q prior to their filing (or prior to the release of earnings).
- Review earnings press releases with management, including review of "pro-forma" or "adjusted" non-GAAP information.
- Discuss with management financial information and earnings guidance provided to analysts. Such discussions may be on general terms (i.e., discussion of the types of information to be disclosed and the type of presentation to be made).
- Review analyses prepared by management setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
- Prepare the report that the SEC requires to be included in the Company's annual proxy statement.

Internal Control

- Consider the adequacy and effectiveness of the Company's internal control system and discuss with external and internal auditors.
- Discuss with the Company's independent registered public accounting firm, internal auditors and management, any weaknesses or deficiencies that they may have identified relating to internal controls or other related matters and their proposals for rectifying such weaknesses or deficiencies, and monitor progress in implementing those proposals.
- Understand the scope of internal and independent registered public accounting firm's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit

- Review with management and the Company's outsourced internal audit firm the charter, plans and activities of the internal audit function.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Company's outsourced internal audit firm.
- Review the effectiveness of the internal audit function.
- Review the significant reports to management prepared by the internal auditor and management's responses.
- On a regular basis, meet separately with a senior representative of the outsourced internal audit firm with no employees present, to discuss any matters that the committee or internal audit believes should be discussed privately.
- Confirm with the internal auditors that they have been given access to all necessary Company resources.

External Audit

- Appoint, compensate, and oversee the work performed by the independent registered public accounting firm for the purpose of preparing or issuing an audit report or related work. The independent registered public accounting firm shall report directly to the audit committee and the audit committee shall oversee the resolution of disagreements between management and the independent registered public accounting firm in the event that they arise.
- Review the independent registered public accounting firm's proposed audit scope and approach, including planning and staffing of the audit and coordination of audit effort with internal audit.
- Review the performance of the independent registered public accounting firm and have direct responsibility for the appointment or discharge of the independent registered public accounting firm.

- Pre-approve all auditing and permitted non-audit services to be provided by the independent registered public accounting firm (other than with respect to de minimis exceptions permitted by the Sarbanes-Oxley Act of 2002). This duty may be delegated to one or more designated members of the audit committee with any such pre-approval reported to the audit committee at its next regularly scheduled meeting. The audit committee may also adopt policies and procedures for the pre-approval of audit and permissible non-audit services.
- Review and confirm the independence of the independent registered public accounting firm by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditors.
- Confirm with the independent registered public accounting firm that they have been given access to all necessary Company resources.
- On a regular basis, meet separately with the independent registered public accounting firm with no employees present to discuss any matters that the committee or auditors believe should be discussed privately.
- Review with the independent registered public accounting firm any problems or difficulties and management's response, review the independent registered public accounting firm's report and attestation on management's internal controls report (if and when required), and hold timely discussions with the independent registered public accounting firms regarding the following:
 - all critical accounting policies and practices;
 - all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent registered public accounting firm;
 - other material written communications between the independent registered public accounting firm and management including, but not limited to, the management letter and schedule of unadjusted differences; and
 - an analysis of the independent registered public accounting firm's judgment as to the quality of the Company's accounting principles, setting forth significant reporting issues and judgments made in connection with the preparation of the financial statements.
- At least annually, obtain and review a report by the independent registered public accounting firm describing:
 - the firm's internal quality control procedures;
 - any material issues raised by the most recent internal quality-control review, peer review, or by any inquiry or investigation by governmental or professional authorities, including the PCAOB, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
 - all relationships between the independent registered public accounting firm and the Company, to assess such accountant's independence.

- Actively engage in a dialogue with the independent registered public accounting firm with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent registered public accounting firm, and for taking, or recommending that the full Board of Directors take, appropriate action to oversee the independence of the independent public accounting firm.
- Ensure and oversee the rotation of the lead audit partner of the Company's independent registered public accounting firm every five years, and consider whether there should be regular rotation of the independent public accounting firm itself.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review and discuss with management, internal auditors and independent registered public accounting firm the findings of any examinations by regulatory agencies; any auditor observations with respect to compliance; any employee complaints or other reports which raise material issues regarding the Company's financial statements or accounting policies or compliance with applicable laws or regulations.
- Review the process for communicating the Ethics Policy to Company personnel and for monitoring compliance therewith.
- Obtain regular updates from management regarding compliance matters.
- Discuss with management and independent registered public accounting firm legal matters that may have a material impact on the financial statement.

Loan Review

- Retain an independent third party to perform an annual loan review, and obtain and review reports on significant findings and recommendations, together with management's responses.
- Report to the Board of Directors any approved changes to the scope and timing of the annual loan review for ratification.
- Meet separately with third party external loan review personnel with no employees present to discuss any matters that the committee or loan review believe should be discussed privately.

Reporting Responsibilities

- Regularly report to the Board of Directors about committee activities, issues, and related recommendations.
- Provide an open avenue of communication between internal audit, the independent registered public accounting firm, and the Board of Directors.
- Review any other reports the Company issues (or that are issued to the Company) that relate to committee responsibilities.

Other Responsibilities

- Perform other activities related to or consistent with this charter, the Company's and the Bank's bylaws and governing law, as the audit committee or the Board deems necessary or appropriate.
- Institute and oversee special investigations, as needed.
- Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the committee's and individual members' performance on a regular basis.
- Establish procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential or anonymous submission by employees of the Company or concerns regarding questionable accounting or auditing matters.
- Establish and maintain a policy and procedures for the review and approval of related person transactions and review and approve all related person transactions in accordance with such policy and procedures.

general.

The audit committee's job is one of oversight, as set forth in this Charter. It is not the duty of the audit committee to prepare the Company's financial statements, to plan or conduct audits, or to determine that the Company's financial statements are complete and accurate and are in accordance with GAAP. The Company's management is responsible for preparing the Company's financial statements and for maintaining internal control, and the independent auditors are responsible for auditing the financial statements. It is not the duty of the audit committee to conduct investigations, to resolve all disagreements between management and the independent registered public accounting firm or to assure compliance with laws and regulations.

With respect to joint sessions of the audit committee:

- The audit committee may meet simultaneously as a committee of the Bank and of the Company, though it should hold separate sessions if necessary to address issues that are relevant to one entity, but not the other, or to consider transactions between the two entities or other matters where the Bank and the Company may have different interests; and
- The audit committee should consult with counsel if, in the opinion of the audit committee, any matter under consideration by the audit committee has the potential for any conflict between the interests of the Bank and those of the Company in order to ensure that appropriate procedures are established for addressing any such potential conflict and for ensuring compliance with the Bank's policies regarding Sections 23A and 23B of the Federal Reserve Act.

In performing their duties and responsibilities, audit committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:

- One or more officers or employees of the Company whom the audit committee members reasonably believe to be reliable and competent in the matters presented;
- Counsel, the independent registered public accounting firm, third party internal auditor personnel, loan review consultants, or other persons as to matters which the audit committee members reasonably believe to be within the professional or expert competence of such person; or
- Another committee of the Board as to matters within its designated authority which committee the audit committee member reasonably believes to merit confidence.

Charter Approval Date: April 28, 2022