

**PEOPLE'S UTAH BANCORP  
AUDIT and COMPLIANCE COMMITTEE  
CHARTER**

**Board Approved: September 26, 2018**

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PURPOSE

The Audit and Compliance Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of People’s Utah Bancorp (“PUB” or the “Company”) to oversee the Company’s accounting and financial reporting process, the audit of the PUB financial statements and the Company’s compliance with laws and regulations applicable to the Company’s banking business, including the status and regulations administered by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Consumer Financial Protection Bureau and the Utah State Department of Financial Institutions (“Regulators”). In that regard, the Committee assists the Board in:

- Appointing the independent registered public accounting firm.
- Monitoring the integrity of the financial statements and systems of controls, regarding finance, accounting, regulatory compliance, and management’s compliance thereto.
- Monitoring the qualifications, independence, and performance of the independent registered public accounting firm, and the internal audit department, and additionally, monitoring the qualifications and performance of the regulatory compliance department.
- Providing an avenue of communication among the independent registered public accounting firm, management, the internal audit department, and the Board.
- Maintaining policy standards for risk assessment and risk management for financial reporting, fraud, independence, reputation and certain compliance, technology and other related risks.
- Monitoring compliance by PUB with regulatory and corporate policy requirements.
- Functional responsibility for the performance of PUB’s internal audit function, including the Chief Audit Executive’s appointment, annual review, and compensation.
- Monitoring affiliated transactions between PUB and its banking subsidiaries and all transactions with other affiliates.
- Review and evaluate Reports of Examination and other findings and communications from Regulators and the adequacy of the Company’s responses to Regulators.
- Review and evaluate the adequacy of the Company’s internal and external audits of the Compliance function and the Company’s responses to those audits.
- Monitoring the Company’s Compliance and Ethics Programs including whistleblower and Code of Ethics policies.

- Review quarterly earnings and financial reporting

This Committee also serves as the Audit and Compliance Committee of PUB's wholly-owned subsidiary, People's Intermountain Bank ("PIB"). As such, it will share its findings and work with the Board of Directors of PIB.

The Committee shall prepare the Committee Report as required by the Securities and Exchange Commission to be included in PUB's annual proxy statement.

#### COMMITTEE MEMBERSHIP

The Committee shall consist of at least three directors appointed by the Board who shall serve for such term or terms as the Board may determine or until their earlier resignation or death, and shall function as follows:

The Committee shall meet the independence and experience requirements of The NASDAQ Stock Market ("NASDAQ"), and the "independence" requirements of the Sarbanes-Oxley Act of 2002, contained in Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act"). 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, and 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. Any Committee member may be replaced by the Board at any time, with or without cause, and the Board shall designate one member of the Committee as Chairman.

#### MEETINGS

The Committee shall meet as often as it determines appropriate, but not less than quarterly. The Committee may meet periodically with management, compliance staff, the internal auditors and the independent registered public accounting firm in designated executive sessions.

The Committee may request any officer or associate of PUB, or its subsidiaries, in-house counsel, or independent registered public accounting firm to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

A majority of the members of the Committee will constitute a quorum. Any act of a majority of the members present at any meeting at which a quorum is present shall be an act of the Committee.

## COMMITTEE AUTHORITY and RESPONSIBILITIES

The Committee shall be directly responsible and have the sole authority to appoint or replace the 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. The Committee shall be directly responsible to 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 attest services for the Company.

The Committee shall pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for PUB or its subsidiary by its independent registered public accounting firm in accordance with the rules of the NASDAQ, and Section 10A(i) of the Exchange Act. The independent registered public accounting firm shall report directly to the Committee. The Committee shall consult with management but shall not delegate its responsibilities hereunder.

The Committee shall receive from the independent registered public accounting firm the reports on critical policies and practices, alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the auditors and other material communications with management as required by Section 10A(k) of the Exchange Act.

The Committee shall 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 to 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.

The Committee shall be directly responsible for the compensation and oversight of the independent registered public accounting firm (including resolution of disagreements between management and the independent registered public accounting firm regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.

The Chief Audit Executive (CAE) is the function (not necessarily title) of the highest ranking internal auditor in management of the Internal Audit Department. The CAE shall report functionally to the Committee with administrative oversight provided by the CFO of PUB. The Committee will regularly confirm and assure the independence and objectivity of the internal audit department and its freedom from management interference and influence.

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

The Committee shall review, as necessary, with PUB's general counsel legal and compliance staff regulatory matters that may have a material impact on PUB or PUB's financial statements, compliance policies and programs. Such review would include, but not be limited to a review of safety and soundness exams and compliance exams of PUB and its subsidiaries.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting, or other advisors. PUB shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent registered public accounting firm for the purpose of rendering or issuing an audit report or performing other audits, review or attest services for PUB and to any advisors employed by the Committee, as well as funding for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee will also, under applicable regulation, perform the duties required by law to be performed by an audit committee or a fiduciary audit committee for PUB and its subsidiaries to the extent permitted, and in the manner required, by applicable laws and regulations.

The Committee shall maintain appropriate minutes and records of Committee meetings and make such material readily available for inspection by any Director of PUB or its bank subsidiaries. The Committee shall make regular reports to the Board of PUB and PIB. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall annually review the Committee's own performance. The performance evaluation shall be conducted in such manner as the Board of PUB and its subsidiaries deem appropriate.

In conducting its responsibilities, the Committee has the authority to request any reports, information or appearance of management as it deems necessary to fulfill the Committee's responsibilities.

The Committee is empowered to investigate any matter brought to its attention, or initiated on its own, with full access to all books, records, facilities, and associates of PUB and its subsidiaries. The Committee may also work with other committees of the Board or the Board directly to investigate matters of interest to the Committee. The PUB Board will be kept informed of any such investigations.

In addition to the policies specifically mentioned within this charter, the Committee has the authority to authorize management to develop and implement any additional policies

and/or procedures, as the Committee deems appropriate. The full Board of PUB and PIB has the authority to review and modify such policies and procedures, if warranted.

### ADDITIONAL RESPONSIBILITIES

The Committee, to the extent it deems necessary or appropriate and to comply with any legal requirements and the requirements of The NASDAQ Stock Market, shall:

#### **Financial Statement and Disclosure Matters**

1. Review and discuss with management and the independent registered public accounting firm the company's annual financial results prior to the release of the annual earnings. Review the Company's annual audited financial statements, including the independent registered public accounting firm's report thereon and the disclosures made in management's discussion and analysis of financial condition and results of operations, prior to filing the annual report on Form 10-K and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
2. Review and discuss with management and the independent registered public accounting firm the quarterly financial statements prior to the filing of its Form 10-Q, including the use of "pro-forma" non-GAAP information and the results of the independent registered public accounting firm's reviews of the quarterly financial statements.
3. Discuss with management and the independent registered public accounting firm significant financial reporting issues and judgments made in connection with the preparation of PUB's financial statements, including any significant changes in the selection or application of accounting principles and the degree of aggressiveness or conservatism of the accounting principles and underlying estimates, and any major issues as to the adequacy of internal controls and any special steps adopted in light of material control deficiencies.
4. Discuss with management PUB's and PIB's major financial risk exposures and the steps taken to monitor and control such exposures. Discuss policies with respect to risk assessment and risk management.
5. Discuss with management and the independent registered public accounting firm the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the financial statements.
6. Annually review and discuss with management and the independent registered public accounting firm management's assessment of the effectiveness of the internal control structure over financial reporting related to FDIC 12 CFR Part 363, Sarbanes-Oxley (SOX) 404 and applicable rules and regulations thereunder and, as needed, the

certificates and statements required to be filed or submitted to governmental authorities pursuant to 12 CFR Part 363.

7. Review and discuss with the Company's independent auditors any other matters required to be discussed by PCAOB Auditing Standards No. 1301, Communications with Audit Committees.
8. Consider and review with the independent registered public accounting firm and the CAE the matters required by Auditing Standards No. 114, relating to the conduct of the audit. In particular, discuss:
  - a. The adoption of, or changes to, PUB's significant auditing and accounting principles and practices as suggested by the independent registered public accounting firm, internal auditors or management.
  - b. Related findings and recommendations of the independent registered public accounting firm and the internal auditor, together with management's responses.
  - c. Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
9. Review material written communications between the independent registered public accounting firm and management, such as any management letter or schedule of unadjusted differences.

### **Oversight of the Company's Relationship with the Independent Registered Public Accounting Firm**

1. Review the experience and qualifications of the senior members of the independent registered public accounting firm's engagement team.
2. Review with the independent registered public accounting firm ("firm") at least annually:
  - The independent registered public accounting firm's internal quality control procedures;
  - Any material issues raised by the most recent internal quality control review, or peer review, of the 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 firm;
  - Any steps taken to deal with any such issues;
  - Evaluate the qualifications, performance and independence of the firm, including considering whether their quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the firm's independence, and taking into account the opinions of management and internal auditors.

The Committee shall present its conclusions with respect to the independent registered public accounting firm to the Boards of PUB and PIB.

3. Assure the Committee's receipt from the independent registered public accounting firm of a formal written statement delineating all relationships between the independent registered public accounting firm and PUB and its subsidiaries.

The Committee shall 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 firm and for purposes of taking, or recommending that the respective Board take, appropriate action to oversee the independence of the independent registered public accounting firm.

4. Monitor policies for PUB's hiring of employees or former employees of the independent registered public accounting firm who were engaged on the account (recognizing that the independent auditors may not perform the audit if the chief executive officer, controller, chief financial officer or chief accounting officer was employed by the independent registered public accounting firm and participated in any capacity in the audit during the one year preceding the initiation of the audit).
5. Assure that the lead audit partner of the independent registered public accounting firm, and the audit partner responsible for reviewing the audit are rotated at least every five years and consider rotation of the independent registered public accounting firm itself on a regular basis.
6. Discuss with the independent registered public accounting firm material issues on which the national office, or other technical governing entity, of the independent registered public accounting firm was consulted by PUB and/or its subsidiaries.
7. Meet with the independent registered public accounting firm prior to the audit to discuss the planning and staffing of the audit.
8. Determine through discussions with the independent registered public accounting firm and internal auditors that management placed no restrictions on the scope of their examinations or on the efficient completion of audits.
9. Review with management and the independent registered public accounting firm the results of annual audits and related comments including:
  - a. The independent registered public accounting firm's audit of PUB's and related entities' annual consolidated financial statements, accompanying footnotes and its report thereon.
  - b. Any significant changes required in the independent registered public accounting firm's audit plans.
  - c. Any difficulties or disagreements with management encountered during the course of the audit and

- d. Other matters related to the conduct of the audit, which are to be communicated to the Committee under Generally Accepted Auditing Standards.
10. Arrange for the independent registered public accounting firm's auditor to be available to the full Board of PUB and its subsidiaries at least annually to help provide a basis for the Board to ratify the Audit Committee's appointment of the independent registered public accounting firm.

### **Oversight of the Internal Audit Function**

1. The Committee shall review and approve the Internal Audit Department Charter annually; require periodic, independent external quality assessment of the Internal Audit Department.
2. Approve the Chief Audit Executive's appointment, annual review and compensation. Approve any decision to dismiss the CAE.
3. Receive from the CAE periodic progress reports, which include a summary of audits completed, including a discussion of any less than satisfactory results, and updates on meeting the internal audit plan. Review the significant findings and recommended action plans prepared by the Internal Audit Department, together with management's responses and follow-up. Resolve significant differences between Internal Audit and management and mandate corrective action.
4. Review and discuss with the independent registered public accounting firm and management of the Internal Audit Department responsibilities, including approval of the annual internal audit plan and budget, adequacy of staffing and any recommended changes in the planned scope of any significant internal audit.
5. Consult regularly with the CAE regarding internal department operations, engagement issues, management cooperation, and lack of undue influence, independence, and other functional issues.
6. Obtain assurance from the CAE that all illegal acts, internal control breakdown or other observed internal control weaknesses will be immediately disclosed to the Committee Chairman and to the CFO (unless such observations relate to the CFO).

### **Compliance Oversight Responsibilities**

1. Obtain from the independent registered public accounting firm assurance that the prohibited items described in Sections (a) through (i) of Section 10A of the Exchange Act have not been implicated or violated.
2. Obtain reports from PIB's CAE and the independent registered public accounting firm that indicate whether they have become aware of any activities that are not in material



conformity with applicable legal requirements of the Code of Conduct and Ethics. Discuss the process for communicating the Code of Conduct and Ethics to company personnel and for monitoring compliance. Provide review and provide oversight of related party transactions, as required by policy for potential conflicts of interest, and as required by NASDAQ Rule 5630. Advise the Board with respect to any material issues that have been brought to the Committee's attention concerning compliance with applicable laws and regulations and with the Company's Code of Conduct and Ethics.

3. Ensure that PUB and its subsidiaries conduct, on an ongoing basis, an appropriate review of all related party transactions and that all such transactions are approved by the designated Committee of the Board.
4. Review the procedures, which are established as required by Section 10A(m) of the Exchange Act, for the receipt, retention and treatment of complaints received by PUB and/or its subsidiaries regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by associates of concerns regarding questionable accounting or auditing matters, affecting PUB and its subsidiaries (whether originating inside or outside).
5. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding PUB's or its subsidiaries' procedures, policies, practices or its financial statements.
6. Review the significant results of regulatory examinations of PUB and its subsidiaries related to overall regulatory compliance or its financial statements, internal controls or accounting policies.
7. Review and discuss with management PUB's regulatory environment, legal requirements with which PUB must comply, and material risk areas – and reporting to the Board with respect thereto.
8. Oversee the development and execution of a plan to monitor and remediate all compliance deficiencies by PUB (including those identified in any examinations or orders relating thereto) and ensure ongoing compliance with applicable legal and regulatory requirements.
9. Review any internal reports to management prepared by the Compliance Department and management's response thereto.
10. With the support of management, review and approve the Company's proposed response to regulatory agency examination reports (prior to submission of any such response on examinations) and ensure that all information requests made by regulatory agencies are addressed timely and accurately.

11. Review any significant disagreement among management and the compliance consultants or the Compliance Department in connection with the preparation of the compliance monitoring reports.
12. Ensure that with the support of management, the Compliance Officer acts as the Board's subject-matter expert with respect to compliance and assessing with management the adequacy of the Company's compliance program and reporting to the Board and or Audit and Compliance Committee with respect thereto.
13. Ensure that with the support of management, the Compliance Officer identifies issues and areas of concern and ensures that appropriate action has been implemented.
14. Ensure that the Compliance Officer performs any other activities consistent with this Charter, the Company's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.

In carrying out these responsibilities and duties, the Committee shall foster an environment that encourages the CAE and Compliance Officer or any other Bank officer or employee to raise any compliance issues or concerns freely and without concern for retribution.

#### LIMITATION OF AUDIT AND COMPLIANCE COMMITTEE'S ROLE

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. The independent registered public accounting firm and internal auditors plan and conduct audits. Management prepares PUB's financial statements and the financial statements of its subsidiaries and disclosures and conducts risk management activities.

In performing Committee duties, members are entitled to rely reasonably upon management to prepare financial statements in accordance with generally accepted accounting principles and to maintain a system of internal controls that provide reasonable assurance that errors, irregularities or illegal acts will be identified. The Committee's oversight role is not one of initial preparation or maintenance of such statements or controls, nor is it of the same type or scope as that of the independent registered public accounting firm as defined in the engagement letter(s) between PUB, its subsidiary, and that independent registered public accounting firm. Rather, the Committee is charged with exercising its oversight role in the manner customarily performed by directors in similar circumstances.