

M&F Bancorp, Inc.

AUDIT AND RISK COMMITTEE CHARTER

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I. Purpose

The Audit and Risk Committee is established by the Board of Directors of M&F Bancorp, Inc. (the "Company") for the primary purpose of assisting the board in overseeing the:

- integrity of the Company's financial statements,
- Company's compliance with both legal and regulatory requirements,
- independent auditor's qualifications and independence,
- performance of the Company's internal audit function and independent auditor, and
- Company's system of disclosure controls and system of internal controls regarding finance, accounting, legal, regulatory compliance, and ethics that management and the Board have established.

Consistent with this function, the Audit and Risk Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures, and practices at all levels. The Audit and Risk Committee should also provide an open avenue of communication among the independent auditors, financial and senior management, the internal audit function, and the Board of Directors.

The Audit and Risk Committee has the authority to obtain advice and assistance from outside legal, accounting, or other advisors as deemed appropriate to perform its duties and responsibilities. The activities of the Audit and Risk Committee will not be subject to interference by financial constraints or senior management.

The Company shall provide appropriate funding, as determined by the Audit and Risk Committee, for compensation to the independent auditor and to any advisers that the Audit and Risk Committee chooses to engage.

The Audit and Risk Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in Section III of this Charter. The Audit and Risk Committee will report regularly to the Board of Directors regarding the execution of its duties and responsibilities.

II. Composition and Meetings

The Audit and Risk Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee shall have a working familiarity with basic finance and accounting practices and be able to read and understand fundamental financial statements (or be able to do so within a reasonable period after their appointment). In addition, at least one member of the Committee will have accounting or related financial management expertise and, to

the extent practicable, be a “financial expert” (as that term is defined by the Securities and Exchange Commission (“SEC”) as determined by the Board. The existence of such a member(s), including his or her name and whether or not he or she is independent, will be disclosed in periodic filings as required by the SEC.

The members of the Committee shall be appointed and may be replaced by the Board. Unless the Board elects a Chair, the members of the Committee may designate a Chair by majority vote of the full Committee.

The Committee shall meet at least four times a year, or more frequently as circumstances dictate. Each regularly scheduled meeting shall conclude with an executive session of the Committee absent members of management and on such terms and conditions as the Committee may elect. As part of its job to foster open communication, the Committee should meet periodically with management, the Audit, Compliance and Risk Manager and the independent auditors, in separate executive sessions as necessary, to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee, or one or more designated members, should meet quarterly with the independent auditors and management to discuss the annual audited financial statements and quarterly financial statements, including the Company’s disclosure under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

III. Responsibilities and Duties

Documents/Reports/Accounting Information Review

1. Review the Audit and Risk Committee Charter annually and recommend to the Board of Directors any necessary amendments as conditions dictate.
2. Review and discuss with management the Company’s annual financial statements, quarterly financial statements, and all internal control reports. Review other relevant reports or financial information submitted by the Company to any governmental body, or the public, and relevant reports rendered by the independent auditor.
3. Recommend to the Board whether the audited financial statements should be included in the Company’s Annual Report on Form 10-K. .
4. Review press releases on any financial related matters with management, including review of “pro-forma” or “adjusted” non-GAAP information.
5. Discuss with management financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be on general terms (i.e., discussion of the types of information to be disclosed and the type of presentation to be made).
6. Review the regular internal reports to management prepared by the internal audit department, outsourced auditors and management’s response.
7. Review the compliance reports to management prepared by internal audit department, outsourced auditors and management’s response.

Independent Auditors

8. Appoint (subject to shareholder ratification), compensate, and oversee the work performed by the independent auditor for the purpose of preparing or issuing an audit report or related work. Review the performance of the independent auditors and replace the independent auditors if circumstances warrant. The independent auditors shall report directly to the Audit and Risk Committee and the Audit and Risk Committee shall oversee the resolution of disagreements between management and the independent auditors in the event they arise. Consider whether the auditor's performance of permissible non audit services is compatible with the auditor's independence. Discuss with the independent auditor the matters required to be discussed under Statement on Auditing Standards (SAS) No. 61, as amended by SAS No. 84 and SAS No. 90.
9. Review with the independent auditor any audit problems or difficulties and management's response; review the independent auditor's attestation and report on management's internal control report; and have timely discussions with the independent auditors on 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, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
 - other material written communications between the independent auditor and management including, but not limited to, the management letter and schedule of unadjusted differences; and
 - an analysis of the auditor's judgment as to the quality of the Company's accounting principles, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
10. At least annually, obtain and review a report by the independent auditor describing:
 - the auditor'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, 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 auditor and the Company.
11. Actively engage in dialogue with the independent auditor with respect to any disclosed relationships or services that may affect the independence and objectivity of the auditor and take, or recommend that the full board take, appropriate actions to oversee the independence of the outside auditor.
12. Review and pre-approve on an annual basis both audit and non-audit services to be provided by the independent auditor. We will review at least annually the performance of the external auditors. This duty may be delegated to one or more designated members of the Audit and Risk Committee with any such pre-approval reported to the

Audit and Risk Committee at its next regularly scheduled meeting. Financial Reporting Processes and Accounting Policies

13. In consultation with the independent auditors and the internal auditors, review the integrity of the organization's financial reporting processes, and the internal control structure.
14. Receive and review any disclosure from the company's CEO or CFO made in connection with the certification of the company's quarterly and annual reports filed with the SEC of: a) all significant deficiencies and material weaknesses in the design or operation of the internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize, and report financial data; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls.
15. Review with management major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
16. Review analyses prepared by management and the independent auditor as noted in item 8 above 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.
17. Review with management the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
18. Establish and maintain procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting, or auditing matters.
19. Establish and maintain procedures for the confidential, anonymous submission by Company employees of concerns or complaints regarding questionable accounting or auditing matters.

Internal Audit

20. Review and advise on the selection and removal of the Audit, Compliance and Risk Manager.
21. Review on an annual basis the performance of the Audit, Compliance and Risk Manager.
22. Assist in the oversight of the internal audit function, including reviewing and approving the annual risk assessment and internal audit schedule to ensure that high risk areas and key control activities are periodically evaluated and tested.
23. Review internal auditor reports focusing on significant findings and recommendations of the internal auditor ensuring timely reporting to management and the Board of Directors.
24. Monitor implementation of the internal auditor's recommendations to management by ensuring noted deficiencies are remediated in a timely manner.
25. Ensure appropriate documentation is maintained including audit reports, audit workpapers, management responses and board review.

Revised by Audit, Compliance & Risk Manager: 11/9/22
Board Audit and Risk Committee Review and Approval: 11/14/2022
Board of Directors Review and Approval: 01/24/2023

26. Review activities, organizational structure, and qualifications of the internal audit function.
27. Annually, review and recommend changes, if any, to the Audit and Risk Committee charter.
28. Periodically review with the Audit, Compliance and Risk Manager any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the internal audit function's work.

Legal, Compliance and Risk Management

29. Establish, review and update periodically a Code of Business Conduct and Ethics and ensure that management has established a system to enforce this Code. Ensure that the Code complies with all applicable rules and regulations.
30. Review management's monitoring of the Company's compliance with the organization's Ethics Code and ensure that management has the proper review system in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations, and the public to satisfy legal requirements.
31. Review, with the Company's counsel, legal and compliance matters including corporate securities trading policies.
32. Review, with the organization's counsel, any legal matter that could have significant impact on the Company's financial statements.
33. Discuss policies with respect to risk assessment and risk management. Such discussions should include the Company's major financial and accounting risk exposures and the steps management has undertaken to control them.
34. Discuss the Bank's enterprise risk management program, including the development of effective policies, processes and procedures. Ensure that the Bank's processes relate to identifying, measuring, and reporting of risks faced by the Bank on an enterprise-wide basis.
35. Discuss the Bank's compliance program, including the effectiveness of the system for monitoring compliance with laws and regulations, and results of follow-up of any instances on noncompliance.
36. Review and submit the Compliance and Risk Committee Charter to the Board for approval on an annual basis to include changes needed to ensure that the compliance function is complying with professional standards and addressing compliance issues.

Other Responsibilities

37. Review with the independent auditors, the internal audit department, and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit and Risk Committee (if any), have been addressed or implemented.
38. Prepare the report that the SEC requires be included in the Company's annual proxy statement.
39. Annually, perform a self-assessment relative to the Audit and Risk Committee's purpose, duties, and responsibilities outlined herein.

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40. At least annually, the Audit and Risk Committee Chair or designated member will make a report of issues and an informational update to the Board of Directors of Mechanics and Farmers Bank.
41. Perform 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.

Limitation of Audit and Risk Committee's Role

While the Audit and Risk Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit and Risk Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the external auditor.