

**EPHRATA NATIONAL BANK  
COMPENSATION COMMITTEE CHARTER**

**Purpose of Committee**

The purpose of the Compensation Committee is to establish a *Compensation Philosophy* for the Bank, and to make recommendations to the Board of Directors regarding the salaries and benefits of directors, officers, and employees of the Bank.

**Committee Membership**

The Compensation Committee shall consist of three or more members of the Board of Directors, each of whom is determined to be *independent* under the criteria as set forth by the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers (NASD). Following appointment by the Board Chair, each member of the Committee shall serve until the next annual Reorganizational Meeting or until his or her successor is appointed.

**Committee Structure and Meetings**

The Chairman of the Board shall appoint and may remove the members of the Compensation Committee. The Chairman of the Board shall designate one member of the Compensation Committee to serve as its Chairperson or delegate authority to designate a Chairperson to the Compensation Committee.

The Compensation Committee shall meet as often as may be deemed necessary or appropriate in its judgment, but not less frequently than 3 times annually, either in person or telephonically, and at such times and places as the Committee shall determine. The Committee may request any officer or employee of the Bank or the Bank's outside counsel to attend a meeting of the Compensation Committee or to meet with any members of, or consultants to, the Committee. The Compensation Committee shall report its activities to the Board regularly.

The Committee shall keep written minutes of its meetings, which shall be recorded and filed with the books and records of the Bank.

**Outside Advisors**

The Compensation Committee shall have the authority to retain such outside consultants or advisors as it determines appropriate to assist it in the performance of its functions, or to advise or inform the Committee, including sole authority to retain and terminate any compensation consultant used to assist the Committee in the evaluation of director, CEO, or senior executive compensation, and to approve the consultant's fees and other retention terms.

**Compensation Committee Duties and Responsibilities**

The functions of the Compensation Committee, on behalf of the Board, shall include having responsibility:

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Compensation Philosophy

To review compensation philosophy and major compensation programs, and to administer particular programs for which the Compensation Committee is the designated administrator.

CEO and Senior Management

1. Establish, monitor, review and revise, at least annually, performance guidelines for the CEO and guidance for the development of corporate strategy;
2. Assist the board in assessing and evaluating the CEO's performance;
3. Evaluate the performance of the Chairman, CEO, and President and provide a recommendation to the full Board of Directors for the CEO's compensation, including salary, incentives, benefits, and other perquisites;
4. On the recommendation of the CEO, approve the appointment of, and annual compensation plans for, each member of senior management, including salary, incentives, benefits, and other perquisites;
5. Report on executive compensation as required in public disclosure documents.

Board of Directors

1. Recommend to the Board from time to time the amount, determination and payment of remuneration to be paid by the corporation to directors in light of time commitment, fees paid by comparable companies and responsibilities; and
2. Annually review and assess the adequacy of the Compensation Committee Charter and recommend to the Board any modifications, as appropriate;
3. Perform other specific duties and responsibilities within the scope of the Compensation Committee's primary function as the Board from time to time may determine;
4. Report back to full Board as necessary/after each committee meeting;
5. Advise on the number of members of the committee (usually three), restrictions on membership (for instance, to prohibit related directors from being members of the compensation committee), the role of the chair (both generally and in terms of having appropriate power to act between committee meetings), meeting procedures, quorums, appointment of a secretary, the creation and circulation of minutes (to the committee and to the board generally) and similar matters.

Compensation and Benefits

1. Establish and annually review, approve and monitor, on a regular (and at least annual) basis, the corporation's compensation and benefits programs, developed by management. Review the *Compensation Policies* for the Bank with the entire Board of Directors;
2. Recommend to the Board, target financial performance levels used in determining bonuses paid;
3. Evaluate and determine the types of benefits appropriate to enhance the *Executive Compensation Program* objectives;
4. To periodically review the design of and approve the Qualified Benefit Plans and Nonqualified Benefit Plans (including retirement, medical, and other employee benefit and perquisite plans).

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5. To review and discuss with management the Compensation Discussion and Analysis required by the rules of the Securities and Exchange Commission and, based on such review and discussion, recommend to the Board the inclusion of the Compensation Discussion and Analysis in the Company's annual proxy statement.

Human Resources

1. Review and approve with senior management, annual corporate-wide compensation guidelines, including the development and administration of executive short-term bonus plans; report actions taken to full board.
2. Review with management on an annual basis to satisfy itself that the corporation's human resources policies comply with applicable laws and regulations;
3. When applicable, Human Resources will provide to the Committee the Bank Executive Team's recommendations regarding hires, discharges, transfers, and promotions of senior officers and any applicable severance packages;
4. Review and monitor the overall employment environment of the corporation; and consider any other human resources issues that it considers appropriate or that may be referred to it by the board.
5. Long-term incentive plans:
  - Establish, review, and monitor the terms of long-term incentive plans;
  - Act as the board committee responsible for administering the corporation's stock option, stock purchase or other long-term performance (DSU, PSAP, etc.) plans;
  - Review and approve awards under compensation plans;
  - Review and approve any incentives to be granted outside ongoing plans; and
6. Consult with management regularly to satisfy itself that compensation plans are meeting their intended objectives and comply with applicable laws, regulations and best practices.

Committee Reports

The Committee shall produce the following reports and provide them to the Board of Directors:

1. A report of the Compensation Committee on Executive Compensation for inclusion in the Bank's annual Proxy Statement in accordance with applicable SEC rules and regulations.
2. A Summary Report of the Committee's activities, findings, and recommendations.

Other Authorities and Responsibilities of the Committee:

1. May form and delegate authority to individuals and subcommittees when/as appropriate,
2. Will review this Charter annually and recommend any changes to the Board for approval, and
3. Will review the Compensation Committee's own performance annually.

**Revised 12/7/16**