



COMPENSATION COMMITTEE CHARTER

PURPOSE

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Two River Bancorp (the “Company”) is appointed by the Board to discharge the Board’s responsibilities relating to compensation of the Company’s directors and officers. The Committee has overall responsibility for approving and evaluating the director and officer compensation plans, policies and programs of the Company.

Commencing in 2019, the Committee will be responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement sent to shareholders in connection with their annual meeting.

COMMITTEE MEMBERSHIP

The Committee shall consist of no fewer than three members. The members of the Committee shall meet the Nasdaq independence requirements, except that if the Committee is comprised of at least three members, one director who does not meet such requirements and is not currently an executive officer or employee or a family member of an executive officer, may be appointed to the compensation committee if the Board, under exceptional and limited circumstances, determines that such individual's membership on the Committee is required by the best interests of the Company and its shareholders, provided that a member appointed under this exception may not serve longer than two years.

In addition, in affirmatively determining the independence of any director who will serve on the Committee, the Board must consider all factors specifically relevant to determining whether a director has a relationship to the Company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to:

- (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and
- (ii) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

The members of the Committee shall be appointed by the Board, which shall also designate one person as chairman. Committee members may be replaced by the Board.

COMMITTEE AUTHORITY AND RESPONSIBILITIES

1. Subject to the requirements set forth below, the Committee shall have the sole authority to retain, terminate and oversee the work of any compensation consultant to be used to assist in the evaluation of director, CEO or senior executive compensation and shall have sole authority to approve the consultant’s fees and other retention terms. The Committee shall

receive the appropriate funding from the Company, as determined by the Committee, for the payment of compensation to its compensation consultants. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors. However, the Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other advisor. The compensation committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the compensation committee, other than in-house legal counsel, only after taking into consideration the following factors:

- the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
- the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
- the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
- any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
- any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
- any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.

Nothing set forth above requires a compensation consultant, legal counsel or other compensation adviser to be independent, only that the Committee consider the enumerated independence factors before selecting, or receiving advice from, a compensation adviser. The Committee may select, or receive advice from, any compensation adviser it prefers, including ones that are not independent, after considering the six independence factors outlined above.

The Committee is not required to conduct an independence assessment for a compensation adviser that acts in a role limited to the following activities for which no disclosure is required in the Company's proxy statement under applicable SEC rules: (a) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; and/or (b) providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

2. The Committee shall annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and determine and approve the CEO's compensation levels based on this

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evaluation. The CEO shall not be present during voting or deliberations on his compensation. In determining the long-term incentive component of CEO compensation, the Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.

3. The Committee shall review the CEO's recommendations for the base compensation of all Executive Officers of the Company, discuss same with the CEO, and approve or disapprove such compensation.
4. Establish and administer the Company's incentive compensation program for key executive and management employees, to include:
 - a. Reviewing the Company's incentive bonus plan, equity incentive plan and any other incentive compensation plan from time to time adopted by the Company, recommend to the Board any changes to such plans the Committee deems necessary, and recommend and review any new incentive compensation plans the Committee deems necessary or advisable.
 - b. After reviewing the recommendations of the CEO, determine the participants in the Company's incentive compensation plans for key executive and management employees, target bonus levels under the incentive bonus plan and forms of incentive compensation payments under the Company's plans.
 - c. After reviewing operating results and individual performance and the recommendations of the CEO, determine incentive compensation payments and awards under the Company's plans.
 - d. After reviewing the recommendations of the CEO, grant stock options and other awards under the Company's incentive compensation plans and set procedures for administering such plans.
5. Commencing in 2019, the Company will become subject to the Securities and Exchange Commission regulations requiring the Company to prepare a Compensation Discussion and Analysis ("CD&A"). At that time, the Committee shall review and discuss with management the CD&A, recommend the final version of the CD&A to be included in the Company's annual report on Form 10-K and proxy statement, and produce the compensation committee report on executive officer compensation required to be included in the Company's proxy statement or annual report on Form 10-K.
6. In conjunction with the CEO, review the executive organization of the Company and oversee the succession planning process for other than the CEO, including the development of personnel to fill key executive and management positions and the implementation of succession planning for senior executive and management positions, other than the CEO.

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7. Review and approve employee benefits plans in addition to those set forth in paragraph 4 above, including group health and other insurance plans, profit sharing and pension plans, and other employee benefit plans.
8. Review and approve executive perquisite programs.
9. In connection with any proposed acquisitions, review and approve compensation and benefit arrangements for directors and senior executives of the acquired company, including any “golden parachute” restrictions under applicable banking regulations and state and federal tax laws.
10. Review and recommend to the Board for approval the compensation arrangements of non-employee members of the Board.
11. The Committee may, when appropriate, delegate authority to one or more members or to one or more subcommittees established by the Committee.
12. The Committee shall review and reassess the adequacy of this Charter on an annual basis.

OPERATING PROCEDURES

The operating procedures for the Committee with respect to meetings, notice of meetings, quorums and records shall be the same as stipulated for the Board set forth in the Company’s By-laws.

ACCOUNTABILITY

At each of the regular meetings of the Board, the Committee shall produce a summary of the actions taken at each Committee meeting for approval by the Board.

The Committee shall annually review the Committee’s own performance.

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