



AUBURN NATIONAL BANCORPORATION, INC.  
AuburnBank  
and Subsidiaries

CHARTER OF THE COMPENSATION COMMITTEE

**Prepared and Presented By:**

**Anne May**

**Director(s) Responsible for Implementation of Charter:**

Personnel/Compensation Committee Members

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**AUBURN NATIONAL BANCORPORATION, INC.**  
**AuburnBank**  
**and their Subsidiaries**

**CHARTER**  
**of the**  
**COMPENSATION COMMITTEE**  
**of the**  
**BOARD OF DIRECTORS**

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**Title**

This Committee shall be named the “Compensation Committee” (the “Committee”) of the Board of Directors (the “Board”) of Auburn National Bancorporation, Inc (“ANBC”) and its subsidiary, AuburnBank (the “Bank”) and any of their direct or indirect subsidiaries (collectively, the “Company”).

**Composition**

The Committee shall be composed of a minimum of three directors and all members of the Committee must be “independent” as determined by the Board. The independence and other qualifications of the members of the Committee shall at all times satisfy the applicable requirements of: (i) the Nasdaq Stock Market, Inc. (“Nasdaq”); (ii) the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the rules and regulations of the Securities and Exchange Commission (the “Commission” or “SEC”) thereunder and (iii) any other laws, rules or regulations applicable to the Company or its subsidiaries. All equity and equity-based awards (collectively, “Awards”) under the 2024 Equity Incentive Plan and other incentive compensation plans (collectively, the “Incentive Compensation Plans”) or otherwise must be approved solely by Non-Employee Directors.

Any references to laws, regulations, stock exchange or regulatory, or self-regulatory or professional requirements or standards shall mean such provisions as in effect on the date this Charter was last reviewed, as modified herein, and any successor, replacement provisions and additional applicable provisions. Any references herein to a government, self-regulatory or professional agency, or authority shall mean any successor or replacement agency or authority.

In affirmatively determining the independence and eligibility of any director who will serve on the Committee, the Board will consider all factors specifically relevant to determining whether a director has a relationship to the Company or its subsidiaries which is

material to that director's ability to be independent from management and meets the legal and Nasdaq standards for Compensation Committee members in connection with exercising the duties of a member of the Committee, 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 or its subsidiaries to such director;
- (ii) whether such director is affiliated with the Company or any Company subsidiary of the Company or an affiliate of a subsidiary of the Company;
- (iii) Nasdaq Governance Rules 5605(a) and (d) and 5608, and SEC Rules 10C and 10D; and
- (iv) Whether such person is a "Non-Employee Director," as defined in Commission Rule 16b-3(b)(3)(i).

The members of the Committee shall be elected and may be removed by the Board. Each member shall serve until a successor shall have been duly elected and qualified or until such member's earlier death, resignation, removal or ineligibility to serve on the Committee, absent an available exemption approved by the Board. Unless a Chairperson is elected by the full Board, the members of the Committee may designate a Chairperson by majority vote of the full Committee membership.

### **Purpose**

The primary purpose of the Committee is to assist the Board in discharging its duties relating to compensation issues, personnel policies, personnel evaluation issues, and executive officer selection, evaluation, and compensation (including incentive compensation and performance goals), as well as to produce reports on executive compensation for inclusion in the Company's annual report and/or proxy statement for the annual meeting of shareholders, if and as required by and in accordance with, applicable Commission rules and regulations. The Committee is responsible for administering (i) each Incentive Compensation Plan, and (ii) in coordination with the Audit Committee, the Company's Erroneously Awarded Executive Incentive-Based Compensation Recovery Policy (the "Company Clawback Policy") in the event of a Restatement of the Company's financial statements, as provided in such Policy.

### **Duties and Responsibilities**

The Committee shall observe and perform the following duties and responsibilities:

#### **1. CEO and Executive Officer Compensation.**

The Committee shall review and approve on an annual basis the corporate goals and objectives relevant to the Chief Executive Officer ("CEO") and other

executive officers' compensation, evaluate the CEO's and other executive officers' performance in light of such goals and objectives, and recommend to the Board, the CEO's and other executive officers' compensation levels based on this evaluation. In evaluating and determining CEO and executive officer compensation, the Committee may consider, among other things, the pay for performance disclosures under Commission Regulation S-K, Item 402(v) and the results of the most recent stockholder advisory vote on executive compensation ("Say on Pay Vote") required by Exchange Act, Section 14A and Commission rules and regulations thereunder. The CEO may attend the Committee meeting at the request of the Committee, but shall not be present during any deliberations or vote by the Committee or the Board on the CEO compensation.

For purposes of this Charter, "executive officer" means the named executive officers required to be disclosed as such pursuant to Commission Schedule 14A or that are otherwise an "executive officer" for purposes of Exchange Act, Section 16b.

The Committee shall review, approve and submit to the Board for its approval (i) any other proposed program or arrangement offering or providing any incentive, retirement or other compensation, benefits or perquisites to one or more of the Company's executive officers or directors (other than any plan or arrangement offering benefits that do not discriminate in scope, terms or operation in favor of executive officers or directors and that are generally available to all salaried employees), and (ii) any significant amendment or change to any such plan or arrangement.

2. **Director Compensation.** Annually evaluate director compensation and the form of such compensation, recommend to the full Board the appropriate level of director compensation, including compensation for service as a member or chair of a Board committee, and ensure that payments, if any, to directors other than in their capacity as directors are proper, and are fully and properly disclosed.
3. **Non-Executive Officer and Employee Compensation.** The Committee shall (i) oversee the compensation of non-executive officers of the Company and its subsidiaries, (ii) monitor broadly the structure, philosophy, or competitiveness of the Company's general hiring or compensation practices, and (iii) oversee the establishment and administration of the Company's broad-based employee benefit plans and programs, and review or approve significant amendments or changes thereto.
4. **Compensation Plans.** The Committee shall periodically review (i) the Company's compensation programs and practices, including each Incentive Compensation Plan and any other incentive compensation, (ii) Awards or grants under each Incentive Compensation Plan, and (iii) the effectiveness of each Incentive Compensation Plan, and Awards and grants in meeting their

respective goals and objectives. If the Committee deems it appropriate, the Committee shall, amend or terminate existing programs and/or adopt new programs or practices, or to the extent such amendment, termination or adoption requires Board and/or shareholder approval, recommend to the Board and the shareholders the amendment or termination of existing, and/or the adoption of new, equity incentive and executive compensation programs or practices.

The Committee shall specifically:

- (a) Review and oversee all compensation plans, policies and programs for the Company's executive officers, including, as applicable: base salaries, incentive pay, bonus pay, health and life insurance, Incentive Compensation Plans and retirement plans and compensation.
- (b) Evaluate the Company's incentive compensation, generally, including any Incentive Compensation Plan, to allow the Company to attract and retain talented personnel necessary to continue the success of the Company. Recommend such plans to the Board for approval, and as required or deemed appropriate, shareholder approval, and take actions necessary or advisable to implement and administer the Company's Incentive Compensation Plans.
- (c) The Committee shall exercise all powers allocated to it under each of the Company's Incentive Compensation Plans and executive compensation programs and plans, and shall have the authority to grant Awards of restricted stock, restricted stock units ("RSUs"), stock options and other stock-based compensation and other compensation authorized by any such Plan, (ii) establish performance goals and determine whether such goals have been attained, and (iii) adopt policies under such plans. The Compensation Committee shall also evaluate and determine the amount, terms and timing of any Awards and other grants under such Incentive Compensation Plans and other executive compensation plans. In evaluating the Incentive Compensation Plans and the terms of such plans and any Awards or grants thereunder, the Committee shall consider the results of the most recent Say on Pay Vote.
- (d) The Committee shall also consider and recommend actions with respect to the adoption, amendment, administration or termination of compensation, incentive, welfare, benefit, pension and other plans related to compensation of current and former Company officers and employees, in each case considering (i) appropriate industry benchmarks and the compensation policies followed by similarly situated companies.
- (e) The Committee shall (i) oversee the compensation of non-executive officers of the Company, (ii) monitor broadly the structure, philosophy, or competitiveness of the Company's general hiring or compensation practices, and (iii) oversee the establishment and administration of the Company's broad-

based employee benefit plans and programs, and review or approve significant amendments or changes thereto.

- (f) Make determinations regarding, and oversee, in coordination with the Company's Audit Committee, the recovery of erroneously awarded executive compensation, if any, pursuant to Securities Exchange Act, Section 10D, SEC Rule 10D-1, Nasdaq Rule 5608 and the Company Clawback Policy.
  - (g) Establish a policy on the timing of equity and equity-based Awards to provide that Awards generally are, and that transfers of any Company securities received pursuant to an Award shall be made in compliance with the applicable Incentive Compensation Plan, the Company's Insider Trading Policy, and applicable securities laws and SEC rules, and at times and on terms where Commission Staff Accounting Bulletin 120 will not apply. Limited special grants of Awards may be made at other times, as determined necessary and appropriate in light of the relevant facts, including the existence of Material Nonpublic Information, if any, where such Awards are needed to attract new hires.
5. **Other Plans.** The Committee shall review, approve and submit to the Board for its approval (i) any other proposed program or arrangement offering or providing any incentive, retirement or other compensation, benefits or perquisites to one or more of the Company's executive officers or directors (other than any plan or arrangement offering benefits that do not discriminate in scope, terms or operation in favor of executive officers or directors and that are generally available to all salaried employees), and (ii) any significant amendment or change to any such plan or arrangement.
6. **Other Compensation Arrangements.** The Committee shall review, approve and submit to the Board for its approval (a) any proposed employment, severance or change-in-control agreement between the Company and an executive officer or proposed executive officer, and (b) any proposed extension or significant amendment thereto, and (c) any such arrangements, agreements or plans, or similar benefits applicable to non-executive officers or employees.
7. **Risk and Compliance Oversight.** The Committee shall identify and limit features of compensation plans that it reasonably believes would lead to unnecessary and excessive risk-taking, and establish a compensation strategy to provide balanced risk-taking incentives in alignment with the Company's risk appetite and compliance with the various laws and regulations governing executive officer and director compensation.
8. **Executive Officer Selection and Evaluation.** The Committee is responsible for the selection, interviewing, and hiring recommendation to the Board for the CEO position, for reviewing and approving or denying the recommendations of the CEO with respect to other Company executive officers, and presenting the

Committee's decision to the full Board. The Committee shall ensure that an effective system is in place to periodically appraise all officers' and employees' performance. The CEO shall present the results of the officers' performance evaluations to the Committee on an annual basis.

9. **Executive Officer Termination.** The Board of Directors has the final authority for the termination of any executive officer.
10. **Personnel Policies.** Approve changes to any Company personnel policy manuals or policies.
11. **Executive Officer and Director Share Ownership:** The Committee may consider and periodically establish and review stock ownership guidelines for the executive officers and directors of the Company, and if adopted, monitor compliance with such guidelines.
12. **Annual Report:** Report on executive compensation for inclusion in the Company's annual proxy statement as and to the extent required by the Commission's rules or regulations, and evaluate any disclosures of human capital required by Commission Regulation S-K, Item 101(c).
13. **Say on Pay.** Review and recommend to the Board for approval the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act and Commission rules thereunder, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement.
14. **Reports to the Board.** The Committee shall report periodically, and at least annually to the Board of Directors as may be required or deemed appropriate set forth above, and shall prepare such other reports as the Board or its Chairperson may request.
15. **Other Responsibilities.** The Committee shall carry out any other responsibilities delegated by the Board.

### **Meetings**

The Committee shall meet as often as it determines necessary to fulfill its responsibilities, but no less than once per year. The Committee Chairperson may request any officer or employee of the Company, compensation consultant or outside counsel or others to attend such meetings.

A majority of the members of the Committee present in person or by telephone or other communications equipment by which all persons participating in the meeting can hear each

other shall constitute a quorum.

The Committee shall maintain, as part of the Company's permanent records, written minutes of the proceedings and actions of the Committee and reports to the Board.

**Grant of Authority; Limitation of Compensation Committee's Role**

The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser and shall be directly responsible for the appointment, compensation and oversight of the work of any such compensation consultant, legal counsel and other adviser. The Company shall provide appropriate funding, as determined by the Committee, for payment of reasonable compensation to any such compensation consultant, legal counsel or any other adviser retained by the Committee. Prior to selecting, or receiving advice from, such compensation consultant, legal counsel or other adviser to the Committee, other than in-house legal counsel, the Committee shall assess the independence of the compensation consultant taking into consideration the following factors in determining the independence of any compensation consultant:

- (i) the provision of other services to the Company by the compensation consultant, legal counsel or other adviser and its employer;
- (ii) the amount of fees received from the Company by the compensation consultant, legal counsel or other adviser and its employer, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
- (iii) 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;
- (iv) any business or personal relationship of the compensation consultant, legal counsel or other adviser and its affiliates with a member of the Committee;
- (v) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
- (vi) any business or personal relationship of the compensation consultant, legal counsel, other adviser and its affiliates with an executive officer of the Company.

Notwithstanding the foregoing, 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, and no independence assessment shall be required for a compensation adviser that acts in a role limited to the following activities for which no disclosure is required under Item 407(e)(3)(iii) of SEC Regulation S-K: (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 a particular company or that is customized based on parameters that are not developed by the adviser, and about which the

adviser does not provide advice.

The Committee will not be required to implement or act consistently with the advice or recommendations of a compensation consultant, legal counsel or other adviser to the Committee, and nothing in this Charter will affect the ability or obligation of the Committee's members to exercise their own judgment in fulfilling the Committee's duties. *See* NASDAQ Listing Rule 5605(d)(3)).

This Charter is not intended to, and shall not, alter the standards of conduct set forth in the Delaware General Corporation Law (“DGCL”) applicable to the Company, and the Alabama Business Corporation Law (the “Alabama Business Corporation Law”) and the Alabama Banking Code (the “Alabama Banking Code”) applicable to Auburn Bank, for directors, including those directors who serve as Committee members. Members of the Committee shall have the duties and the benefits of all limitations and protections from liabilities provided by the DGCL, the Alabama Business Corporation Law and the Alabama Banking Code and other applicable laws and regulations with respect to their service on the Committee. In addition to the indemnification, exculpation, and similar provisions contained in the Company's or the Bank's certificate or articles of incorporation and bylaws or in statutory and common law and in addition to applicable insurance, each member of the Committee shall, in the performance of such member's duties, be fully protected in relying on information, opinions, reports or statements prepared or presented by any of the Company's officers or employees, or committees of the Board or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence, all to the full extent permitted by Section 141(e) of the DGCL and Section 10A-2-8.30 of the Alabama Business Corporation Law.

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate.

### **Review and Approval of Charter**

The Committee shall, at least annually and more often as necessary or appropriate, review and reassess the adequacy of this Charter and recommend any changes to the Board. This Charter shall be reviewed and approved by the Board annually, and any changes at other times will require Board approval.