

## **AUBURN BANCORP, INC.**

### **Compensation Committee Charter**

#### **I. GENERAL STATEMENT OF PURPOSE**

The Compensation Committee of the Board of Directors (the "Compensation Committee") of Auburn Bancorp Inc. (the "Company"), on behalf of the Board of Directors (the "Board"), discharges the Board's responsibilities relating to compensation of the Company's directors and executive officers and oversees the Company's overall compensation programs. The primary objective of the Compensation Committee is to develop and implement compensation policies and plans that support the Company's overall business strategy and objectives, are appropriate for the Company in light of all relevant circumstances, and that are consistent with the culture of the Company and the overall goal of enhancing stockholder value.

#### **II. COMPENSATION COMMITTEE COMPOSITION**

The number of individuals serving on the Compensation Committee shall be fixed by the Board from time to time but shall consist of no fewer than three members, each of whom shall satisfy the independence requirements established by the Securities and Exchange Commission and the Nasdaq Stock Market Rules.

The members of the Compensation Committee shall be appointed annually by the Board and may be replaced or removed by the Board at any time with or without cause. Resignation or removal of a Director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from the Compensation Committee. Vacancies occurring, for whatever reason, may be filled by the Board. The Board shall designate one member of the Compensation Committee to serve as Chairman of the Compensation Committee.

#### **III. MEETINGS**

The Compensation Committee shall meet at least one time per year and as often if necessary to carry out its responsibilities.

#### **IV. RESPONSIBILITIES OF THE COMPENSATION COMMITTEE**

The Compensation Committee's responsibilities shall be to:

##### **A. REVIEW OF CHARTER**

- Review and reassess the adequacy of this Charter annually and submit any proposed changes to the Board for approval.

##### **B. ANNUAL REPORTING**

- Prepare any report of the Compensation Committee addressing the Company's compensation policies required pursuant to the rules and regulations of the Securities and Exchange Commission, any securities exchange or automated quotation system on which the Company's securities are traded, and any other rules and regulations applicable to the Company.

##### **C. INCENTIVE COMPENSATION PLANS AND EQUITY INCENTIVE PLANS**

- Make such recommendations to the Board as the Compensation Committee deems advisable with regard to the adoption of incentive compensation plans and equity incentive plans.
- Administer compensation plans approved by the Board and stockholders, including the Company's incentive compensation plans and equity incentive plans.

**D. COMPENSATION OF THE COMPANY'S CHIEF EXECUTIVE OFFICER**

- Review and approve annually the individual and corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer ("CEO").
- Evaluate annually the CEO's performance in light of the goals and objectives that were set for the CEO, and recommend to the Board of Directors the CEO's compensation arrangement and benefits based on such evaluation.

**E. COMPENSATION OF THE COMPANY'S OTHER OFFICERS**

- Review CEO's recommendations and make recommendations annually to the Board with respect to the compensation arrangements and benefits of the Company's Vice Presidents and Senior Vice Presidents and any other officers other than the CEO; for the purposes hereof the term "officer" has the meaning defined in Section 16 of the Securities Exchange Act of 1934, as amended, and Rule 16a-1 promulgated thereunder.

**F. COMPENSATION OF DIRECTORS**

- Review and make recommendations to the Board with respect to compensation for outside directors.

**V. GENERAL**

The Compensation Committee may establish and delegate authority to one or more subcommittees consisting of one or more of its members, when the Compensation Committee deems it appropriate to do so in order to carry out its responsibilities. The Compensation Committee may seek recommendations regarding the amount or form of compensation to directors and members of senior management, but may not delegate final determination of compensation to members of senior management to anyone other than the Compensation Committee or the Board.

The Compensation Committee shall make regular reports to the Board concerning areas of the Compensation Committee's responsibility.

In carrying out its responsibilities, the Compensation Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management and such experts, advisors and professionals with whom the Compensation Committee may consult. The Compensation Committee shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company including compensation consultants to render advice to the Company, attend a meeting of the Compensation Committee, or meet with any members of or advisors to the Compensation Committee. The Compensation Committee shall also have the authority to engage legal, accounting or other advisors to provide it with advice and information in connection with carrying out its responsibilities.

The Compensation Committee may perform such other functions as may be requested by the Board from time to time.

ADOPTED: October 21, 2008

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