

**COMPENSATION COMMITTEE CHARTER  
OF THE  
BOARD OF DIRECTORS OF FIRST UNITED CORPORATION**

**PURPOSE**

The Compensation Committee (the Committee) of First United Corporation (the Corporation) is appointed by the Board of Directors to develop and oversee the implementation of the Corporation's executive compensation philosophy and programs: 1) to ensure consistency with achieving positive business results commensurate with effective risk management practices; 2) based on relative industry performance; and, 3) aligned with relative internal performance.

**MEMBERSHIP**

The Committee shall consist of a minimum of three independent members appointed annually by the Board in accordance with all applicable laws, rules, regulations and listing standards, considering the recommendations of the Chairman of the Board and the Chief Executive Officer. Directors serving on the Committee must be a "non-employer Director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. Committee members shall serve until their successors are appointed and qualify. The Board is authorized at any time to change the membership of the Compensation Committee and to fill vacancies as appropriate. Each member shall satisfy the independence requirements of NASDAQ and the Corporation's Corporate Governance Guidelines. The Chair of the Committee shall be elected annually by its members at the first meeting held after the Corporation's annual reorganization meeting and shall establish the agenda and preside at each meeting. In the event the Chair is unable to preside over the meeting, the Committee may designate one of its members to conduct that meeting. If a tie vote results on any issue, the chairperson's vote shall decide the issue.

**MEETINGS**

The Committee shall determine its meeting calendar annually based on its responsibilities and accountabilities. A majority of the members of the Committee shall constitute a quorum sufficient for the taking of any action by the Committee, with the Committee providing reports of its actions to the Board of Directors. The Committee may request that meetings be attended by invited officers or employees of the Corporation, legal counsel, independent auditors, consultants or advisors as appropriate. The Committee may meet in Executive Session without members of management in attendance at each meeting. Executive Sessions may be called by any member of the Committee. The Committee may form and delegate authority to subcommittees as it deems appropriate while maintaining independence standards and compliance with all laws, rules,

regulations and listing standards. The Committee shall maintain minutes and provide updates to the Board of its meetings.

### **COMMITTEE AUTHORITY AND RESPONSIBILITIES**

The Committee shall establish and approve an industry peer group which shall be used to monitor its compensation programs, practices, components, and pay levels to ensure market competitiveness and industry practices.

The Committee shall have the overall responsibility for overseeing, evaluating, approving and monitoring the risk management of all compensation plans, benefits, agreements, perquisites or other in-kind benefits, polices and programs on behalf of the Board of Directors.

With respect to the Chief Executive Officer, the Committee shall annually review and approve corporate goals and objectives relevant to the CEO's compensation, the CEO's performance in light of those goals and objectives and determine and approve the CEO's total compensation level. The Committee shall make the final determination and approval of the CEO's compensation during its Executive Session of the Committee and report its actions to the Board of Directors.

The Committee shall meet periodically with the CEO throughout the year to review the Corporation's progress towards meeting established corporate and individual goals and objectives and conduct risk assessments related to the Corporation's compensation programs. Risk assessments would ensure that such plans and policies are not reasonably likely to have a material adverse effect on the Company. The Committee shall report its findings to the Board of Directors.

With respect to non-CEO Executive Management, the Committee will annually review and approve corporate goals and objectives relevant to the non-CEO Executive Management, their performance in light of those goals and objectives based on the input and considerations of the CEO, and approve the non-CEO Executive Management's total compensation levels. The Committee shall report its actions to the Board of Directors.

With respect to Director Compensation, the Committee will review and assess total Director Compensation including retainers, meetings fees, equity and grants and any other components of compensation and will bring to the full Board for approval of Director total compensation.

The Committee has the responsibility to retain their counsel and consultants. The Committee also has the duty and authority to review the independence of its selected advisers.

The Committee shall adopt, administer, review, approve and/or ratify awards under all executive compensation plans and monitor awards for all other incentive plans, including amendments to the awards made under any such plans.

The Committee shall review and discuss the Compensation Discussion and Analysis (the “CD&A”) required to be included in the Company’s proxy statement and annual report on Form 10K by the rules and regulations of the Securities and Exchange Commission (the “SEC”) with management, and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included.

The Committee shall have the sole authority to retain and terminate any compensation, legal, accounting or other advisor or consultant to be used to assist the Committee in executing its responsibilities and shall have sole authority to approve the consultant’s fees and other retention terms.

The Committee shall review and assess the adequacy of its Charter annually and recommend any proposed changes to the Board of Directors.

The Committee shall conduct an annual review of its performance in executing its responsibilities and accountabilities.

The Committee shall annually review and assess the adequacy of the Luxury Expenditure Policy and shall review any exceptions to the Policy at its next regularly scheduled meeting subsequent to the granting of the exception.

The Committee shall assume such other duties and responsibilities as the Board may delegate from time to time.

Revised & Approved July 31, 2013

Reviewed & Approved December 16, 2014

Reviewed & Approved December 16, 2015

Reviewed & Approved December 14, 2016

Reviewed & Approved December 20, 2017

Reviewed & Approved December 19, 2018

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