



**CHARTER OF THE COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS OF  
THE BANCORP, INC.**

**Effective July 18, 2018**

**1. Purpose**

The purpose of the Compensation Committee (the “Committee”) is to carry out the responsibilities delegated by the Board of Directors (the “Board”) of The Bancorp, Inc. (the “Company”) relating to the review and determination of executive and other compensation, including: (i) overseeing the Company’s executive compensation program generally; (ii) evaluating and setting compensation for the Company’s Chief Executive Officer (“CEO”) and other officers and directors; (iii) overseeing the evaluation of the CEO; (iv) overseeing the administration of the Company’s executive and other compensation plans relating to cash compensation, incentive compensation, equity-based awards and other benefits and prerequisites; and (v) preparing the report required by the Securities and Exchange Commission for inclusion in the proxy statement for the Company’s annual meeting.

*[Nasdaq Listing Rules 5605(d)(1)(A) and (B)]*

**2. Membership**

The Committee shall be comprised of at least three directors. Each member of the Committee shall be “independent” in accordance with the rules of the Nasdaq Stock Market and any other provision of law applicable to the Company, as well as any additional independence guidelines established by the Board. Each member of the Committee shall also qualify as a “non-employee directors” for purposes of Rule 16b-3 under Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The members of the Committee shall be appointed by the Board based on recommendations from the Nominating and Governance Committee of the Board. The members of the Committee shall serve for such term or terms as the Board may determine or until earlier resignation. The Board may remove any member from the Committee at any time with or without cause.

*[Nasdaq Listing Rules 5605(d)(1)(A) and (d)(2); IM-5605-6; SEC Rule 16b-3]*

**3. Authority and Responsibilities**

The Committee shall have the following authority and responsibilities:

- Develop executive compensation to determine appropriate levels of executive officer compensation, including the mix between fixed and incentive compensation, and the mix between short-term and long-term incentive compensation.
- Review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO’s performance in the light of those goals and objectives, and recommend for Board approval the CEO’s compensation based on this evaluation. The CEO may not be present during voting or deliberations on his or her compensation. *[Nasdaq Listing Rule 5605(d)(1)(B) and (C)]*

- Review and recommend for Board approval the compensation of the second most senior executive officer of the Company (other than the CEO), as recommended by the CEO. [*Nasdaq Listing Rule 5605(d)(1)(B)*]
- Review and determine or ratify the compensation of the Company’s other executive officers as well as any officer filing reports under Section 16 of the Exchange Act (“Section 16 officers”), as recommended by the CEO, and review the compensation of the COO’s direct reports who are not under Section 16 officers. The Committee’s review may include a review of competitive market data for these individuals and consideration of market conditions, and other factors, as deemed necessary. [*Nasdaq Listing Rule 5605(d)(1)(B)*]
- Review, and make recommendations to the Board regarding, the Company’s incentive compensation plans and oversee the administration of executive and management incentive plans, long-term incentive compensation plans for employee and directors, employee stock purchase plans, and other executive and director compensation arrangements, including (i) approving all officer long-term incentive compensation awards; (ii) approving awards for executive officers under executive incentive plans, and (iii) ratifying all bonus awards to employees of the Company’s subsidiaries prior to payment.
- Review and approve, or make recommendations to the Board regarding, employment agreements, severance agreements or change in controls agreement for any Section 16 executive officer.
- Recommend for Board approval on an annual basis the compensation of non-employee directors, including appropriate levels of compensation for the service on Board committees and reimbursement of expenses incidental to a director’s service. No employee of the Company or any of its subsidiaries may receive compensation as a director or committee member.
- Review the Company’s incentive compensation arrangements to determine whether such arrangements encourage excessive risk-taking, review and discuss at least annually the relationship between risk management policies and compensation, and evaluate compensation policies and practices that could mitigate any such risk. [*See Item 402(s) of Regulation S-K*]
- Review and recommend to the Board for approval the frequency with which the Company will conduct stockholder advisory votes on executive compensation (“Say on Pay Votes”) required by Section 14A of the Exchange Act, taking into account the most recent stockholder advisory vote on frequency of Say on Pay Votes, and review and approve the proposals regarding Say on Pay Votes included in the Company’s proxy statement for an annual meeting. In evaluating and determining compensation, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation. [*See Item 402(b)(vii) of Regulation S-K*]
- Review and discuss with management the Company’s Compensation Discussion and Analysis (“CD&A”) and the related compensation information, recommend that the CD&A and related compensation information be included in the Company’s annual report on Form 10-K and proxy statement, and produce the Compensation Committee Report required to be included in the Company’s proxy statement or annual report on Form 10-K. [*See Item 407(e)(5) of Regulation S-K*]
- Oversee the Company’s compliance with the regulatory requirements associated with the compensation of its officers, including applicable bank regulatory requirements.

#### **4. Outside Advisors and Consultants**

The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of a compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of the compensation consultant. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside legal counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee, for the payment of compensation to its compensation consultants, outside legal counsel and any other advisors. The Committee shall not, however, be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other advisor to the Compensation Committee, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

In retaining or seeking advice from compensation consultants, outside counsel and other advisors (other than the Company's in-house counsel), the Committee must take into consideration the factors specified in the rules of the Nasdaq Stock Market and any other applicable law or regulation. The Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.

The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance within the meaning of Item 407(e)(3)(iv) of Regulation S-K.

*[Nasdaq Listing Rules 5605(d)(1)(D) and 5605(d)(3); Item 407(3)(iv) of Regulation S-K]*

#### **5. Structure and Operations**

The Board shall designate a member of the Committee as the chairperson. The Committee shall meet at least four (4) times a year at such times and places as it deems necessary to fulfill its responsibilities. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. Unless otherwise provided in the Company's bylaws, the Committee shall be governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Committee may invite such members of management to its meetings as it deems appropriate; provided, however, that the Committee shall meet regularly without such members present, and in all cases the CEO and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined.

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action with respect to such responsibilities, to one or more subcommittees as the Committee may determine in its discretion.

The Committee shall conduct an annual evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct such evaluation in any manner it deems appropriate.

The Committee shall review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.

*[Nasdaq Listing Rules 5605(d)(1) and 5605(d)(1)(A)]*