



Luther Burbank[®]
Corporation

Compensation Committee Charter

Purpose

The Committee is responsible for overseeing the establishment, maintenance and administration of the Company's programs and employee benefit plans, including reviewing and approving the Chief Executive Officer's and other executive officers' compensation.

Organization

The Committee shall be comprised of at least three directors who shall be appointed by the Board and who shall meet the independence requirements of the applicable listing rules. Each member of the Committee shall also be an "outside director" for purposes of Section 162(m) of the Internal Revenue Code and a "non-employee director" for purposes of Section 16 of the Securities Exchange Act of 1934. The members of the Committee and its Chair shall be appointed by the Board, and may be removed by the Board at any time, with or without cause. The Committee may, in its discretion, delegate all or a portion of its responsibilities to a subcommittee of the Committee. To the extent permitted by applicable law, as appropriate, the Committee may delegate to management or management committees certain aspects of its duties and responsibilities.

The Committee shall meet at least four times each year. The Chair shall preside at all meetings of the Committee. The Chair or the Company Secretary has the authority to call meetings of the Committee. A majority of the members of the Committee present at a meeting shall constitute a quorum.

The Committee shall make regular reports to the Board. The Committee shall conduct an annual performance evaluation of the Committee and shall review its charter annually and recommend any proposed changes to the Board.

Responsibilities

Subject to the limitations set forth in this Charter and to applicable laws, rules, regulations and standards the Committee will be responsible for the following matters:



- Approving an overall compensation philosophy and strategy for the Company and its executive officers, including the selection of performance measures aligned with the Company's business strategy.
- Reviewing strategic, financial and operational goals and payout schedule for the purposes of annual and longer-term incentive pay, and assessing Company performance against those goals for purposes of determining incentive amounts.
- Reviewing and approving the corporate goals and objectives relevant to the compensation of the Company's CEO, evaluating the CEO's performance in light of these goals and objectives, and determining and approving the compensation level (e.g., salary, annual incentive awards, long-term incentives, perquisites and other non-cash benefits) of the CEO based on this evaluation. In determining the long-term incentive component of the compensation of the CEO, the Committee shall take into consideration 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 Company's CEO in the past years.
- Determining and approving the compensation, including salary, incentive compensation and equity-based compensation, with respect to the Company's executive officers and other designated key officers. In doing so, the Committee shall evaluate their performance in light of goals and objectives reviewed by the Committee and such other factors as the Committee deems appropriate in the best interests of the Company and in satisfaction of any applicable listing standards and any other legal or regulatory requirements.
- Approving employment and severance arrangements for the CEO and executive officers, including executives who will be executive officers upon the effective date of their hire or promotion.
- Approving, amending or terminating the Company's Change in Control plan.
- Taking any action with respect to "performance-based compensation," as defined for purposes of Section 162(m) of the Internal Revenue Code.
- Taking any action with respect to the equity compensation of the executive officers of the Company.

- Reviewing and approving clawback provisions under any Company policy, bonus plan, or employment agreement.
- Administer all of the plans of the Company that provide for awards of stock options, stock appreciation rights, restricted stock or other similar stock-based awards, including the Company's directors' plan, unless otherwise provided for in the plans.
- Reviewing and approving stock ownership guidelines for the executive officers and directors of the Company.
- In accordance with applicable regulations, reviewing the Company's compensation practices to ensure that they do not encourage unnecessary and excessive risk taking and are consistent with the safety and soundness of the Company.
- Reviewing shareholder proposals regarding executive compensation matters.
- Reviewing and discussing with management the "compensation discussion and analysis," recommending such report to the Board for inclusion in the Company's proxy statement, producing the "compensation committee report" on executive officer compensation, and recommending Say on Pay and related frequency proposals to the Board for approval, each as may be required by the Securities and Exchange Commission to be included in the Company's annual proxy statement for the annual meetings of the shareholders.
- Receives periodic reports regarding the Company's human resources function, including the results of the Company's talent planning processes, employee engagement efforts, and any significant employee relations issues.
- Performing any other responsibilities delegated to the Committee by the Board.

Access to Records and Advisors

The Committee has the power and authority in its sole discretion to retain or obtain the advice of compensation consultants, legal counsel or other advisors (together, "advisors"). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any advisor retained by the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any such advisor. Before selecting or receiving advice from an advisor (other than an advisor subject to an exclusion under applicable listing standards), the



Committee must take into consideration all factors relevant to the advisor's independence from management, including any factors required under applicable listing standards.

The Committee shall determine, in its business judgment, that any compensation consultants engaged by the Committee to assist it in the evaluation of director, CEO or executive office compensation and benefits have no relationship to the Company that would interfere with the exercise of their independent judgment.

The Committee shall have full access to any relevant records of the Company. The Committee may also request that any officer or other employee of the Company, or the Company's outside counsel or any other person, meet with any members of, or consultants to, the Committee.