

**CARVER BANCORP, INC.**  
**CARVER FEDERAL SAVINGS BANK**

**COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**

**CHARTER**

**I. PURPOSE**

The Compensation Committee (the "Committee") of Carver Bancorp, Inc., a Delaware corporation (the "Corporation"), shall

- A. Discharge the responsibilities of the Board of Directors to the shareholders, potential shareholders and investment community with respect to the Corporation's compensation programs and compensation of the Corporation's executives; and
- B. Produce an annual report on executive compensation for inclusion in the Corporation's annual proxy statement, in accordance with applicable rules and regulations of the NASDAQ Stock Market ("NASDAQ"), the Securities and Exchange Commission (the "SEC") and other regulatory bodies.

**II. STRUCTURE AND OPERATIONS**

Composition and Qualifications

The Committee shall be comprised of two or more members of the Board of Directors, each of whom is determined by the Board of Directors to be "independent" under the rules of NASDAQ. Additionally, no director may serve unless he or she (i) is a "Non-employee Director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (ii) satisfies the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code.

The Committee shall appoint, from its membership or otherwise, a secretary who shall cause to be kept written minutes of all meetings of the Committee.

The Committee shall also be the Compensation Committee of Carver Federal Savings Bank (the "Bank") and references in this Charter to "Corporation" shall also be deemed to refer to the Bank as the context requires.

Appointment and Removal

The members of the Committee shall be appointed by the Board of Directors after considering the recommendation of the Nominating/Corporate Governance Committee and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board of Directors.

Chairman

The Chairman shall be designated by the Chairman of the full Board of Directors or, if not so designated by the Chairman, the members of the Committee shall designate a Chairman by majority vote of the full Committee membership. The Chairman shall be entitled to adopt any procedural rules for the conduct of the meeting of the Committee. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

Delegation to Subcommittees

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee.

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**III. MEETINGS**

The Committee shall meet at least annually or more frequently as circumstances or any law, rule or regulation shall dictate. The Chairman of the Board or any member of the Committee may call meetings of the Committee.

A quorum shall consist of at least one-third of the voting members of the Committee, and in no event less than two (2) voting members of the Committee. The vote of a majority of the voting members of the Committee present at any meeting, including the Chairman of the Committee who shall be eligible to vote, shall constitute the action of the Committee.

As part of its review and establishment of the performance criteria and compensation of designated key executives, the Committee should meet separately at least on an annual basis with the CEO, the Corporation's principal human resources executive, and any other corporate officers, as it deems appropriate. However, the Committee should meet regularly without such officers present and in all cases such officers shall not be present at meetings at which their performance and compensation are being discussed and determined. All meetings of the Committee may be held telephonically.

All non-management directors that are not members of the Committee may attend meetings of the Committee but may not vote. All independent Directors shall have an ongoing opportunity to provide input to the Committee. Additionally, the Committee may invite to its meetings any director, management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

**IV. RESPONSIBILITIES AND DUTIES**

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsel or experts and any other terms of retention.

The Committee has the authority to oversee the Company's compensation strategy and policies to ensure that the Company is able to attract key employees, that employees are rewarded appropriately for their contributions to the Company, that employees are motivated to achieve the Company's objectives, that key employees of the Company are retained, and that such strategy and policies support Company objectives, including the interests of the Company's stockholders.

**Setting Compensation for Executive Officers and Directors.**

1. Establish and review the overall compensation philosophy of the Corporation.
2. Review and approve corporate goals and objectives relevant to the CEO and other executive officers compensation, including annual performance objectives.
3. Evaluate the performance of the CEO and other executive officers in light of these criteria and, based on such evaluation, review and approve the annual salary, bonus, stock options and other benefits, direct and indirect, of the CEO and other executive officers.
4. In consultation with the CEO, review the talent development process within the Company to ensure

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it is effectively managed.

5. In connection with executive compensation programs:
  - (i) Review and recommend to the full Board of Directors, or approve, new executive compensation programs;
  - (ii) Review on a periodic basis the operations of the Corporation's executive compensation programs to determine whether they are properly coordinated and achieving their intended purpose(s);
  - (iii) Establish and periodically review policies for the administration of executive compensation programs; and
  - (iv) Take steps to modify any executive compensation program that yields payments and benefits that are not reasonably related to executive and corporate performance.
6. Establish and periodically review policies in the area of senior management supplemental retirement benefits and perquisites provided during and after employment.
7. Consider policies and procedures pertaining to expense accounts of senior executives.
8. Review and approve any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits.
9. Review and recommend to the full Board of Directors compensation of directors as well as director's and officer's indemnification and insurance matters.
10. Review and make recommendations to the full Board of Directors, or approve any contracts or other transactions with current or former executive officers of the Corporation, including consulting arrangements, employment contracts, severance or termination arrangements and loans to employees made or guaranteed by the Corporation.

**TARP Related Competencies**

During the TARP period, the Committee shall:

11. Discuss, evaluate, and review at least every six months with the TARP recipient's senior risk officers the SEO compensation plans to ensure that the SEO compensation plans do not encourage SEOs to take unnecessary and excessive risks that threaten the value of the TARP recipient.
12. Discuss, evaluate, and review with senior risk officers at least every six months employee compensation plans in light of the risks posed to the TARP recipient by such plans and how to limit such risks.
13. Discuss, evaluate, and review at least every six months the employee compensation plans of the TARP recipient to ensure that these plans do not encourage the manipulation of reported earnings of the TARP recipient to enhance the compensation of any of the TARP recipient's employees.
14. At least once per TARP recipient fiscal year, provide a narrative description of how the SEO compensation plans do not encourage the SEOs to take unnecessary and excessive risks that threaten the value of the TARP recipient, including how these SEO compensation plans do not encourage behavior focused on short-term results rather than long-term value creation, the risks posed by employee compensation plans and how these risks were limited, including how these employee compensation plans do not encourage behavior focused on short-term results rather than long-term value creation, and how the TARP recipient has ensured that the employee compensation plans do not encourage the manipulation of reported earnings of the TARP recipient to enhance the compensation of any of the TARP recipient's employees.

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15. Certify the completion of the reviews of the SEO compensation plans and employee compensation plans required under line items (11), (12), (13) and (14).

Monitoring Incentive and Equity-Based Compensation Plans

16. Review and make recommendations to the Board of Directors with respect to the Corporation's incentive-compensation plans and equity-based plans, and oversee the activities of the individuals responsible for administering those plans.
17. Review all incentive compensation plans to insure that the plans do not encourage officers to take unnecessary or excessive risks.
18. Review and approve all equity compensation plans of the Corporation that are not otherwise subject to the approval of the Corporation's shareholders.
19. Review and make recommendations to the full Board of Directors, or approve all awards of shares or share options pursuant to the Corporation's equity-based plans.
20. Monitor compliance by executives with the rules and guidelines of the Corporation's equity-based plans.
21. Review and monitor employee pension, profit sharing and benefit plans.

Outside Advisors & Subcommittees

22. Have the sole authority to retain or obtain advice from compensation advisers, including consultants or legal counsel, and shall be directly responsible for appointment, compensation and oversight of advisers' work.
23. Have the authority to fund such advisers.
24. Assess the independence of any such outside advisers, taking into account, among other things, the following factors:
  - Other services provided by the adviser's firm to the company;
  - Fees paid by the company to the adviser's firm as a percentage of the advisory firm's total revenue;
  - Policies or procedures maintained by the adviser's firm to prevent a conflict of interest;
  - Any business or personal relationship between the adviser and a Compensation Committee member;
  - Any company stock owned by the adviser; and
  - Any business or personal relationships between the executive officers of the company and the compensation adviser or adviser's firm. This would include situations in which the CEO and the compensation adviser are family members, or the CEO and adviser (or the adviser's employer) are business partners.

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Policy Review

25. Have the authority to adopt policies regarding the adjustment or recovery of incentive awards or payments if the performance measures upon which such incentive awards or payments were based are restated or otherwise adjusted in a manner that would reduce the size of the award, and such policy shall be amended as needed to be in compliance with the Dodd-Frank Act when final guidance becomes available regarding such recoupment policies.
26. Have the authority to adopt policies regarding the ability of any employee to purchase financial instruments that are designed to hedge or offset any decrease in the market value of equity securities granted by the Company, and such policy shall be amended as needed to be in compliance with the Dodd-Frank Act when final guidance becomes available regarding such policies.

Disclosure and Securities Requirements

27. 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 10-K by the rules and regulations of 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.
28. Produce the annual Compensation Committee Report for inclusion in the Company’s proxy statement in compliance with the rules and regulations promulgated by the SEC.
29. Monitor the Company’s compliance with the requirements under the Sarbanes-Oxley Act of 2002 relating to loans to directors and officers, and with all other applicable laws affecting employee compensation and benefits.
30. Oversee the Company’s compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement under the NASDAQ rules that, with limited exceptions, shareholders approve equity compensation plans.

Reports

31. Receive periodic reports on the Company’s compensation programs as they affect all employees.
32. Prepare an annual report on executive compensation for inclusion in the Corporation's proxy statement, in accordance with applicable rules and regulations of NASDAQ, the SEC and other applicable regulatory bodies.
33. Report regularly to the Board of Directors (i) following meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities, and (iii) with respect to such recommendations as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chairman or any other member of the Committee designated by the Committee to make such report.
34. Maintain minutes or other records of meetings and activities of the Committee.

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V. ANNUAL PERFORMANCE EVALUATION

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including by reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate and shall certify this review to NASDAQ.

Approved: June 28, 2018