

TECTONIC FINANCIAL, INC.
COMPENSATION COMMITTEE CHARTER

April 24, 2019

This Charter of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Tectonic Financial, Inc. (the “Company”) has been adopted by the Board for the purpose set forth below. Unless the context requires otherwise, all references to the Company in this Charter will include the subsidiaries and affiliates of the Company.

Statement of Purpose

The purpose of the Committee is to assist the Board in its oversight of:

1. the Company’s overall compensation structure, policies and programs, including the assessment of whether the compensation structure meets the Company’s corporate objectives and establishes appropriate incentives to officers and employees such that the compensation structure does not encourage excessive risk taking or pose a threat to the Company’s financial stability;
2. compensation-related disclosures in the Company’s annual proxy statement or Annual Report on Form 10-K and any other reports or documents required to be filed with the Securities and Exchange Commission (“SEC”);
3. providing that the standards relating to safe and sound compensation policies set forth in guidance issued by the Board of Governors of the Federal Reserve System (“Federal Reserve Guidance”) and any other regulatory authorities applicable to the Company and its subsidiaries are adhered to;
4. administration of the Company’s compensation and benefit plans, including each equity incentive plan, cash incentive plan, pension, retirement and profit sharing plans, and other compensatory plans (but excluding medical, health, dental, life, and disability benefit plans) adopted by the Company that otherwise require or provide for approval or administration by the Board (individually, a “Plan” and collectively, the “Plans”); and
5. such further functions as may be consistent with this Charter or assigned by applicable law, by the Company’s certificate of formation or bylaws or by the Board to the Committee.

Committee Membership

The Committee shall consist of three or more directors as determined from time to time by the Board. The members of the Committee and the Committee Chair shall be elected by the Board annually and shall serve until their successors have been duly elected and qualified or until earlier resignation or death. The members of the Committee shall meet the independence requirements of The NASDAQ Stock Market, LLC listing standards (the “Listed Company Rules”), SEC rules and regulations, any other requirements imposed by applicable law, rules or

regulations, subject to any applicable exemptions and transition provisions, as well as any additional requirements that the Board may deem appropriate. At least two members of the Committee shall be a “non-employee director,” as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Board will determine, at least annually, the eligibility of the Committee’s members.

The Committee Chair will be responsible for the leadership of the Committee, including presiding over meetings and making regular reports to the Board. If the Board does not designate a Committee Chair, the members of the Committee, by a majority vote, may designate a Committee Chair.

The Board may remove by a majority vote any director from the Committee at any time with or without cause. Any vacancy on the Committee shall be filled by majority vote of the Board. Any director serving on the Committee will automatically cease to be a member of the Committee at the time that he or she ceases to be a director of the Company.

Meetings and Operations of the Committee

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities. Meetings shall be called by the Committee Chair at the request of any member of the Committee or the Chairman of the Board. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. The act of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee.

The Committee, in its discretion, may ask members of the Board, management or such other persons as it deems appropriate to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee shall maintain minutes of its meetings and records relating to those meetings and shall report regularly to the Board on its activities, as appropriate.

Duties, Responsibilities and Authority of the Committee

In addition to other duties from time to time as specifically established by action of the Board, the general recurring duties, responsibilities and authority of the Committee in carrying out its oversight role are described below.

1. The Committee will review and determine, and recommend to the Board for its confirmation, the annual compensation, annual incentive opportunities (including equity and non-equity incentives and any performance measures related thereto) and any other matter relating to the compensation of the the Company’s executive officers (as defined in Rule 3b-7 under the Exchange Act) (the “Executive Officers”) and employees. The Chief Executive Officer and President of the Company may not be present for any deliberations or voting with respect to the determination of his or her compensation, but may be present and make recommendations with respect to the compensation of the other Executive Officers and employees.

2. The Committee will review, and make recommendations to the Board with respect to any employment agreements, severance or termination agreements, change in control agreements, noncompetition agreements or similar agreements proposed to be entered into between any Executive Officer and the Company.
3. The Committee will evaluate the risks related to the Company's compensation programs and practices and review and determine, and recommend to the Board for its confirmation, modifications to the Company's philosophy and practices relating to compensation of the Company's directors, Executive Officers and other members of the Company's management.
4. The Committee will have the authority to review, approve and administer each of the Plans to be submitted for shareholder approval under the Listed Company Rules or the Internal Revenue Code, and to review and, in the Committee's sole discretion, approve and administer all Plans that are exempt from such shareholder approval requirements. The Committee will at least annually review the overall performance, operation and administration of the Plans.
5. The Committee will review and discuss with management the proposed compensation related disclosures to be included in the Company's annual proxy statement or Annual Report on Form 10-K or other appropriate SEC filing, and, based on such review and discussion, determine whether or not to recommend to the Board that such disclosure be so included, and produce the Compensation Committee Report on executive compensation required to be so included. The Committee will also review the procedures and controls for the preparation of these disclosures and recommend any appropriate changes to the Board.
6. The Committee will review annually and recommend to the Board the non-employee director compensation program for each year.
7. The Committee will have sole and exclusive authority, without prior approval of the full Board, to take action on the following:
 - a. administering the Plans with respect to employees and consultants who are subject to the short-swing profit restrictions of Section 16(b) of the Exchange Act for the purposes and with the intent of having the exemption provided under Rule 16b-3 promulgated under the Exchange Act available to the directors of the Company and those officers of the Company subject to the provisions of Section 16(b) of the Exchange Act;
 - b. retaining, or obtaining the advice of, and overseeing such compensation consultants, legal counsel, or other advisers as the Committee deems necessary or appropriate for the Committee to carry out its duties, with the Company to provide appropriate funding, as determined by the Committee, for the payment of reasonable compensation to such compensation consultants, legal counsel and other advisers; provided, that when determining whether to engage any compensation consultant, legal counsel or other adviser, the Committee will consider those factors set

forth in Rule 10C(b)(4) under the Exchange Act and any other factors required to be so considered by the Listed Company Rules, including, without limitation, the factors set forth in Rule 5605(d)(3) of the Equity Rules of NASDAQ, as in effect from time to time, or in any successor rule thereto; provided further, that nothing herein requires a compensation consultant, legal counsel or other compensation adviser to be independent, only that the Committee consider the independence factors set forth in the Listed Company Rules before selecting or receiving advice from a compensation consultant, legal counsel or other compensation adviser.

8. From time to time the Committee may by resolution delegate to one or more other committees of the Board or management separate but concurrent authority to administer the Plans with respect to employees of the Company and its subsidiaries and consultants who are not subject to the short-swing profit restrictions of Section 16(b) of the Exchange Act, to the extent specified in such resolution, consistent with the terms of such Plan or Plans and permissible by law.
9. The Committee will oversee, consider and make recommendations to the Board regarding the Company's compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including shareholder advisory votes on executive compensation, the frequency thereof and the results thereof and golden parachute compensation, and the requirement under the Listed Company Rules that, with limited exceptions, shareholders approve equity compensation plans.
10. The Committee will evaluate the adequacy of this Charter and its performance under this Charter on an annual basis.
11. The Committee will perform any other responsibilities consistent with this Charter, the Company's corporate governance documents, applicable laws and regulations as the Committee or the Board deems necessary or appropriate.

Access and Resources

The Committee will have the resources, funding and authority necessary to discharge its duties and responsibilities. The Committee has sole authority to (a) retain, (b) set the terms of retention, including compensation, and (c) terminate outside counsel to represent the Committee and other advisers, experts and consultants to advise the Committee. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications.

Disclosure of Charter

This Charter will be made available as required by applicable laws and regulations and the Listed Company Rules.