

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF QNB CORP.

As approved by the Board of Directors
on December 17, 2019

Purpose of the Compensation Committee

The purpose of the Compensation Committee (the “Compensation Committee”) of the Board of Directors (the “Board”) of QNB Corp. (the “Company”) is to discharge the Board’s responsibilities relating to evaluation and compensation of the Company’s executives and to produce an annual report on executive compensation for inclusion in the Company’s proxy statement, in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”). The Compensation Committee also has overall responsibility for evaluating and approving the benefit, bonus, incentive compensation, severance, equity-based or other compensation plans, policies and programs of the Company and its subsidiaries, including QNB Bank.

Committee Membership

The Compensation Committee shall be comprised of at least three members, all of whom shall be appointed by the Board after receiving recommendations from the Company’s Nominating and Governance Committee, and shall serve at the pleasure of the Board and for such term or terms as the Board may determine. All members of the Compensation Committee must meet the independence requirements applicable to Nasdaq Stock Market issuers or such other exchange or system upon which the Company’s securities are listed, quoted and/or traded and any standards of independence as may be prescribed for purposes of any federal securities, tax or other laws relating to the Compensation Committee’s duties and responsibilities. Each member of the Compensation Committee shall meet both the definition of “non-employee director” under Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and the definition of “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. No member of the Compensation Committee shall be an officer or former officer of the Company or an “affiliated person” of the Company or any of its subsidiaries. No member of the Compensation Committee may have any interlocking relationships required to be disclosed under the federal securities laws, including Item 404(e)(4) of Regulation S-K.

Committee Structure and Operations

The Board shall designate one member of the Compensation Committee as its chairperson (the “Chairman”). The Compensation Committee shall meet at least once a year at a time and place determined by the Chairman, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Compensation Committee or the Chairman. A majority of the members of the Compensation Committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present, shall be the act of the Compensation Committee. In the absence of a quorum, a majority of the members of the Compensation Committee may adjourn any meeting, from time

to time, until a quorum is present. No notice of any adjourned meeting need be given other than by announcement at the meeting that is being adjourned.

The Compensation Committee may invite members of management, such as the Company's Chief Executive Officer ("CEO") to attend its meetings. The CEO; however, shall not be present when the Compensation Committee finalizes its deliberations and makes decisions regarding the compensation of the CEO.

Committee Duties and Responsibilities

The following are the duties and responsibilities of the Compensation Committee:

1. In consultation with senior management, establish the Company's general compensation philosophy, and oversee the development and implementation of compensation programs in a manner consistent with the best interests of the Company and its constituents.
2. Review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the performance of the CEO in light of those goals and objectives, and recommend for approval by the independent directors of the Board the CEO's compensation level based on this evaluation. In arriving at its recommendation regarding the long-term incentive component of CEO compensation, the Compensation Committee shall consider the Company's performance as reflected by measures which may include total and relative (as compared to peer performance) shareholder return; earnings per share growth; return on average shareholders' equity; the value of similar incentive awards to CEOs at comparable companies; the awards given to the CEO in past years, and any other factors which the Compensation Committee, in its discretion, may consider appropriate.
3. With input from the CEO review and recommend for approval by the Board the compensation of all other "officers" of the Company as defined in Section 16 of the Securities Exchange Act of 1934, as amended and Rule 16a-1 promulgated thereunder (the "Section 16 Officers").
4. Make recommendations to the Board with respect to the Company's incentive compensation plans and equity-based plans, including qualified and non-qualified stock option plans and other short-term and long-term incentive plans applicable to the Company's executive officers, and discharge any responsibilities imposed on the Compensation Committee by any of these plans.
5. In consultation with management, oversee regulatory compliance with respect to compensation matters, including establishing performance goals and certifying that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
6. Review and report to the Board any severance or similar termination arrangements made with respect to any current or former Section 16 Officer.
7. Periodically review the amount and composition of director compensation and make recommendations to the Board as needed. Director compensation should be consistent with market practices.
8. Prepare and issue the evaluations and reports required under "Committee Reports" below.
9. Any other duties or responsibilities expressly delegated to the Compensation Committee by the Board from time to time relating to the Company's compensation programs.

Delegation to Subcommittee

The Compensation Committee may, in its discretion, delegate portions of its duties and responsibilities to a subcommittee of the Compensation Committee.

Committee Reports

The Compensation Committee shall produce the following reports and provide them to the Board.

1. An Annual Report of the Compensation Committee on Executive Compensation for inclusion in the Company's annual proxy statement in accordance with applicable SEC rules and regulations.
2. A summary of the actions taken at each Compensation Committee meeting, which shall be presented to the Board at the next Board meeting.

Resources and Authority of the Compensation Committee

The Compensation Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of experts or consultants, as it deems appropriate, without seeking approval of the Board or management. The Compensation Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors. With respect to compensation consultants retained to assist in the evaluation of director, CEO or executive officer compensation, this authority shall be vested solely in the Compensation Committee.