TERRITORIAL BANCORP INC.
EXECUTIVE COMPENSATION PRINCIPLES

The following Executive Compensation Principles have been approved by the Board of Directors ("Board") to promote compliance with executive compensation standards by Territorial Bancorp Inc. and its subsidiaries (the "Company") in accordance with good corporate governance and in a manner intended to enhance the long-term value of the Company and reduce excess risk. It is expected that these principles will be revised and expanded over time as part of the Company's efforts to comply with trends and best practices with respect to executive compensation principles.

1. Employment Agreements and Change in Control Agreements.

Effective as of the initial adoption of these principles, any new employment agreements or change in control agreements entered into between the Company and employees, including its executive officers, may not include "gross-up" provisions for the payment of any federal, state or local taxes (including income, employment and excise taxes) that may be required to be recognized by the employee as a result of a payment under the employment agreement.

Effective as of the initial adoption of these principles, any new employment agreements or change in control agreements entered into between the Company and employees, including its executive officers, will provide for "double trigger" change in control severance payments, such that that the employee will not receive payments under such agreement following a change of control of the Company unless the employee's employment is also involuntarily terminated or voluntarily terminated for "good reason" within a time period (not to exceed 24 months) following the change of control.

2. No Repricing of Stock Options.

Other than certain equitable adjustments as may be provided in the Company's equity incentive plans, the Company may not, without the approval of the Company's shareholders: (a) reduce the exercise price of an outstanding stock option or stock appreciation right after it is granted; (b) cancel a stock option or stock appreciation right when the exercise price exceeds the fair market value of one share in exchange for cash or the grant of a new award (other than in connection with a change in control); or (c) take any other action with respect to a stock option or stock appreciation right that would be treated as a repricing under the rules and regulations of the Nasdaq Stock Market.

Adopted as of February 25, 2015