

# **EAGLE BANCORP MONTANA, INC.**

## **COMPENSATION COMMITTEE CHARTER**

### **Purpose**

The Compensation Committee (the “Committee”) of the Board of Directors of Eagle Bancorp Montana, Inc. (the “Company”) is a standing committee whose purpose is to discharge the Board’s responsibilities relating to the compensation of the Company’s senior executive officers and to consider, recommend, administer and implement the Company’s compensation plans, policies and programs, including incentive-compensation plans and equity-based plans. This Charter defines the role, authority and responsibility of the Committee.

### **Committee Membership**

The Committee shall be comprised of no fewer than two members. The members of the Committee shall be appointed by the Board on the recommendation of the Nominating Committee and may be removed by the Board in its discretion with or without cause. The Board shall designate one member of the Committee as its chairperson. The members of the Committee shall comply with the independence and other member qualification requirements of the Nasdaq Stock Market and all legal requirements. Additionally, each member shall be (1) a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934 (the “Exchange Act”), and (2) an “outside director” within the meaning of §162(m) of the Internal Revenue Code of 1986 and the regulations promulgated thereunder relating to members of compensation committees.

For purposes of this Charter, the term “senior executive officers” shall refer to those employees of the Company who are identified as “officers” of the Company for purposes of Section 16 of the Exchange Act.

### **Committee Structure and Operations**

The Committee shall meet as often as the Committee or its chair deems necessary to perform the Committee’s responsibilities. The Committee may meet by telephone or video conference and may take action by written consent. All meetings of the Committee shall be governed by the same rules regarding notice, quorum and voting requirements as are applicable to the full Board. Written minutes of the meetings of the Committee shall be duly filed in the Company records. Any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee may attend the meetings of the Committee when asked to do so, but may not be present when the Committee meets to discuss or approve the compensation or performance of such persons, as applicable. The Committee may delegate authority to one or more members when appropriate, provided that decisions made pursuant to such delegated authority shall be presented to the full Committee at its next scheduled meeting.

The Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of senior executive officer compensation and shall have sole authority to

approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Company will provide appropriate funding, as determined by the Committee, for payment to any consultants or other advisors retained by the Committee.

### **Committee Authority and Responsibilities**

The Committee's duties and responsibilities shall include the following:

#### *Senior Executive Officer Compensation*

1. Annually review and approve corporate goals and objectives relevant to the Chief Executive Officer's compensation and evaluate the Chief Executive Officer's performance in light of those goals and objectives, and determine and approve the Chief Executive Officers' compensation level based on this evaluation and in accordance with any applicable employment agreement then in effect. In determining the long-term incentive component of the Chief Executive Officers' compensation, the Committee may consider the Company's performance and relative stockholder return, the value of similar incentive awards given to chief executive officers at comparable companies, and all equity-based and cash bonuses awarded to the Chief Executive Officer in past years and may consider such other factors as it deems necessary or advisable.
2. Annually review and approve the corporate goals and objectives and the compensation of all other senior executive officers and other key executives, including as provided in the Company's incentive-compensation plans, non-equity bonus plans and equity-based plans.
3. Approve all annual incentive bonuses (if deemed appropriate) granted each senior executive officer in accordance with (i) the criteria set forth in their respective employment agreements, if any, and bonus plans with the Company and (ii) any other criteria deemed appropriate by the Committee.
4. Review and approve or recommend compensation packages for new senior executive officer hires.
5. Approve all revisions, modifications or amendments to any employment agreement between the Company and a senior executive officer, including but not limited to any proposed change to a senior executive officer's base salary, employment term or annual incentive bonus criteria.
6. Annually review and recommend to the Board any changes with respect to any existing compensation plans of the Company and annually assess the desirability of proposing, and make recommendations to the Board with respect to, any new compensation plans and any increase in shares reserved for issuance under existing equity-based plans.

*Stock Compensation Plan Administration*

7. Administer, in accordance with their terms, all equity compensation plans of the Company under which common shares or other equity securities of the Company may be issued to directors, officers or key employees, including but not limited to equity incentive compensation plans, and director stock option plans.
8. Grant options and make awards of shares in accordance with the terms of the Company's equity compensation plans.

*Regulatory and Other Requirements*

9. Oversee regulatory compliance with respect to compensation, including structuring compensation programs in a manner that preserves tax deductibility for the purposes of Section 162(m) of the Internal Revenue Code and Section 16 of the Exchange Act, where doing so will further the purposes of the Company's executive compensation program.

*Committee Matters*

10. Annually review its own performance.
11. Make regular reports to the Board.
12. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

Adopted by the Board on February \_\_, 2010.