



## Compensation Committee Charter

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### Purpose

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Eagle Bancorp, Inc., and its subsidiaries (the “Company”) has overall responsibility for evaluating and approving the Company’s compensation philosophy, plans, policies and programs. The Committee’s purpose shall be:

- To discharge the Board’s responsibilities relating to the compensation of the Company’s executive officers, including the Chief Executive Officer, and other specified responsibilities relating to personnel and compensation matters affecting the Company;
- To ensure management compensation is at competitive levels for Senior Vice Presidents and above;
- To review, discuss and recommend for inclusion in the Company’s proxy statement, the Compensation Disclosure and Analysis and the Compensation Committee Report appearing in the proxy statement;
- To ensure sound compensation programs that:
  - Provide employees incentives that do not encourage excessive risk-taking beyond the organization’s ability to effectively identify and manage risk;
  - Are compatible with effective controls and risk management, and;
  - Are supported by strong corporate governance, including active and effective oversight by the organization’s Board.

### Composition of Committee

The Committee shall be composed of three or more members of the Board, each of whom is determined by the Board to: (a) be independent as defined by the listing standards of The NASDAQ Stock Market; and (b) qualify as “non-employee directors” as defined in the rules promulgated under Section 16 of the Securities Exchange Act of 1934. The members of the Committee and the Committee Chair shall be appointed, and may be replaced, by the Board. Committee members shall serve until they are replaced, they resign, or their successors are duly elected and qualified.

## **Structure and Meetings**

The Committee shall meet as often as the Committee considers appropriate, but no fewer than two times annually. The Committee Chair will preside at each meeting of the Committee and in consultation with the other members of the Committee, shall set the agenda of items to be addressed at each meeting, and will report the highlights of Committee meetings to the full Board at the Board's next regular meeting.

The Committee may invite directors and/or such members of management to its meetings as it deems appropriate. However, the Committee shall meet regularly without such members present, and in all cases the Chief Executive Officer and any other such officers shall not be present at the portions of meetings at which their compensation or performance is discussed or determined. The Chief Executive Officer may, with the consent of the Committee be present for voting or deliberations of compensation for other executive officers.

The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

## **Outside Advisors**

The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of, and to terminate, one or more compensation consultants as necessary to assist it with the performance of its duties and responsibilities as set forth in the Charter. The Committee shall set the compensation, and oversee the work, of any such compensation consultant(s).

The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of, and to terminate, outside legal counsel and such other advisors as it deems necessary to perform its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside legal counsel and other advisors.

The Company shall provide appropriate funding, as determined by the Committee in its capacity as a committee of the Board, for the payment of reasonable compensation to its compensation consultants, outside legal counsel and any other advisors. The Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other advisor to the Committee, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

In retaining or seeking advice from compensation consultants, outside legal counsel and any other advisors (other than in-house legal counsel) retained by or providing advice to the Committee, the Committee must consider the following factors which may impact the independence of such persons:

- the provision of other services to the Company by the compensation

consultant, outside legal counsel or other advisor;

- the amount of fees received from the Company by the compensation consultant, outside legal counsel or other advisor, as a percentage of the total revenue of the compensation consultant, outside legal counsel or other advisor;
- the policies and procedures of the compensation consultant, outside legal counsel or other advisor that are designed to prevent conflicts of interest;
- any business or personal relationships of the employees of the compensation consultant, outside legal counsel or other advisor rendering services to the Committee, or of the firm employing the compensation consultant, outside legal counsel or other advisor, with a member of the Committee or an executive officer of the Company;
- any stock of the Company owned by the personnel of the compensation consultant, outside legal counsel or other advisor rendering services to the Committee, or by the entity employing such personnel.

Nothing herein shall require that any compensation consultant, outside legal counsel or other advisor retained by the Committee be independent, only that the Committee consider the foregoing factors prior to selecting or receiving advice from such advisor.

The Committee is not required to conduct an independence assessment for any compensation consultant, outside legal counsel or other advisor compensation adviser that acts in a role limited to the following activities: (a) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; and/or (b) providing information that either is not customized for a particular issue or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

## **Duties and Responsibilities**

The Committee shall have the following duties and responsibilities:

- Review and recommend to the Board the appointment of each officer who is to be designated by the Board as an executive officer of the Company for purposes of Section 16 of the Securities Exchange Act of 1934 (“Named Executive Officers”), as amended, and such other executive positions as the members of the Committee may from time to time determine to be appropriate, and shall evaluate, and report to the Board, on the performance of each such officer and any other designated executive on at least an annual basis.
- Establish overall corporate philosophy and design long-term strategies for executive compensation plans, such as retention, severance, incentive and benefit policies and programs of the Company, including executive salary

structure, short-term incentive programs and awards of restricted stock.

- Review and approve annual corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and have sole authority to determine the Chief Executive Officer's compensation level based on this evaluation. In determining the incentive component of Chief Executive Officer compensation, the Committee will consider the Company's performance and relative shareholder return, the value of similar incentive grants and awards to Chief Executive Officers at comparable companies, market practice, and the awards given to the Company's Chief Executive Officer in past years.
- With respect to the Chief Executive Officer, Named Executive Officers and Senior Vice Presidents and above of the Company, the Committee shall:
  - Review and approve the overall compensation program;
  - Approve the appointment, promotion, and continuing service of those officers.<sup>1</sup> All other officer promotions and hires are approved by executive officers of the Bank;
  - Review and determine the annual base salary, short-term and long-term incentive compensation (cash and equity-based) opportunities and awards, perquisites or benefits paid in kind, employment agreements, severance arrangements, change in control agreements or provision, and special or supplemental opportunities or awards; and
  - Consider factors, in making decisions pursuant to this authority, that the Committee deems to be relevant, including the outcome of any shareholder advisory votes on compensation-related matters.
- Review and approve all incentive plans including those for Chief Executive Officer and Named Executive Officers; and evaluate and discuss with Chief Risk Officer at least annually, or when substantive changes are made, any risks posed by such executive officer and other employee compensation plans and arrangements, and how to limit the following risks:
  - material threat to our capital or earnings;
  - encouraged taking undue or excessive risks; or
  - encouraged manipulation of financial data in order to increase the size of an award
- Have the authority to approve or recommend changes to the Board with respect to the adoption of or changes to employee benefit, bonus, incentive compensation, severance, equity-based or other compensation or incentive plans or arrangements of the Company, if plans or arrangements require

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<sup>1</sup> **NOTE:** The Committee has granted management the approval to act, with the concurrence of the Chief Executive Officer and/or the Chair of the Compensation Committee, when necessary, regarding matters of hiring and unscheduled salary increases and promotions, and report such action at the next Compensation Committee meeting.

Committee, Board or shareholder approval, or if the Committee shall otherwise determine.

- Periodically review and evaluate the Company's executive management succession plan.

To review, discuss and recommend for inclusion in the Company's proxy statement, the Compensation Disclosure and Analysis and the Compensation Committee Report appearing in the proxy statement.

- Maintain minutes of Committee meetings and records relating to those meetings and Committee activities.
- Undertake from time to time additional activities within the scope of the Committee's charter as it may deem appropriate. Delegate responsibility to subcommittees of the Committee as necessary or appropriate.

To the extent the membership of the Compensation Committee is identical to the membership of the Board of Directors, it shall not be necessary for the Board of Directors to approve acts of the Compensation Committee, and such acts of the Compensation Committee shall be deemed to be the acts of the Board of Directors where applicable.