

## **CHARTER OF THE COMPENSATION COMMITTEE**

### **MEMBERSHIP**

The Compensation Committee (the "**Committee**") of the board of directors (the "**Board**") of Bank of Guam and BankGuam Holding Company (hereinafter both referred to as the "**Company**") shall consist of three or more directors. Each member of the Committee shall be independent in accordance with the requirements of Section 952 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the rules of the American Stock Exchange and all applicable federal laws.

Each member of the Committee must qualify as "non-employee directors" for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and as "outside directors" for the purposes of Section 162(m) of the Internal Revenue Code, as amended

The members of the Committee shall be appointed by the Board based on recommendations from the nominating and corporate governance committee of the Board. The members of the Committee shall be appointed for one-year terms and shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any member from the Committee at any time with or without cause.

### **PURPOSE**

The purpose of the Committee is to carry out the responsibilities delegated by the Board relating to the review and determination of executive compensation.

### **DUTIES AND RESPONSIBILITIES**

The Committee shall have the following authority and responsibilities:

To review and approve annually the corporate goals and objectives applicable to the compensation of the President and Chief Executive Officer and the Executive Vice President and Chief Operating Officer ("**CEO and COO**"), evaluate at least annually the CEO's and COO's performance in light of those goals and objectives, and determine and approve the CEO's and COO's compensation level based on this evaluation. In determining the long-term incentive component of CEO's and COO's compensation, the Committee may consider the company's performance and relative shareholder return, the

value of similar incentive awards given to CEO's and COO's at comparable companies and the awards given to the company's CEO and COO in past years.

To make recommendations to the Board regarding the compensation of all other executive officers.

To review and make recommendations to the Board regarding incentive compensation plans and equity-based plans, and where appropriate or required, recommend for approval by the stockholders of the Company, which includes the ability to adopt, amend and terminate such plans. The Committee shall also have the authority to administer the Company's incentive compensation plans and equity-based plans, including designation of the employees to whom the awards are to be granted, the amount of the award or equity to be granted and the terms and conditions applicable to each award or grant, subject to the provisions of each plan.

To review and discuss with management the Company's Compensation Discussion and Analysis ("**CD&A**") and the related executive compensation information, recommend that the CD&A and related executive compensation information be included in the Company's annual report on Form 10-K and proxy statement and produce the compensation committee report on executive officer compensation required to be included in the Company's proxy statement or annual report on Form 10-K.

To review, and make recommendations to the Board regarding, any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the CEO and COO and other executive officers, which includes the ability to adopt, amend and terminate such agreements, arrangements or plans.

To determine stock ownership guidelines for the CEO and COO and other executive officers and monitor compliance with such guidelines.

To review, and make recommendations to the Board regarding, all employee benefit plans for the Company, which includes the ability to adopt, amend and terminate such plans. The Committee shall also have the authority to administer such plans.

To review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, to review and discuss at least annually the relationship between risk management policies and practices and compensation, and to evaluate compensation policies and practices that could mitigate any such risk.

To review director compensation for service on the Board and Board committees at least once a year and to recommend any changes to the Board.

#### **OUTSIDE ADVISORS**

The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of a compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of the compensation consultant. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its compensation consultants, outside counsel and any other advisors.

The compensation consultant, outside counsel and any other advisors retained by the Committee shall be independent as determined in the discretion of the Committee.

#### **STRUCTURE AND OPERATIONS**

The Board shall designate a member of the Committee as the chairperson. The Committee shall meet at least four times a year at such times and places as it deems necessary to fulfill its responsibilities. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. 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.

The Committee may invite 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 CEO and COO and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined.

The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.

## **DELEGATION OF AUTHORITY**

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

## **PERFORMANCE EVALUATION**

The Committee shall conduct an annual evaluation of the performance of its duties under this charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.