

EAGLE BANCORP INC
Form 10-K/A
February 23, 2011

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K/A
(Amendment No. 1)**

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2009

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

**For the transition period from _____ to _____
Commission file number: 0-25923**

Eagle Bancorp, Inc.

(Exact Name of Registrant as Specified in its Charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

52-2061461

(I.R.S. Employer Identification Number)

7815 Woodmont Avenue, Bethesda, Maryland

(Address of Principal Executive Offices)

20814

(Zip Code)

Registrant's Telephone Number, including area code: **(301) 986-1800**

Securities registered pursuant to Section 12(b) of the Act:

Title of class

Common Stock, \$0.01 par value

Name of each exchange on which registered

The NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Section 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant; (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports; and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the outstanding Common Stock held by nonaffiliates as of June 30, 2009 was approximately \$86.8 million.

As of March 4, 2010, the number of outstanding shares of the Common Stock, \$0.01 par value, of Eagle Bancorp, Inc. was 19,631,164.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held on May 20, 2010 are incorporated by reference in part III hereof.

EXPLANATORY NOTE

We filed our Annual Report on Form 10-K for the year ended December 31, 2009 on March 15, 2010 (the "Original Report"). We are filing this Amendment No. 1 on Form 10-K/A (this "Amendment") to:

correct inadvertent errors in the Cross Reference Sheet;

include a reconciliation of non-GAAP financial measures included in the Six Year Summary of Financial Information

provide additional disclosures relating to the Company's troubled debt restructurings, potential problem loans, use of updated appraisals and accounting for securities sold under agreements to repurchase;

provide certain additional information regarding targets during 2009 under our Senior Executive Incentive Plan;

to eliminate certain qualifications to our description of applicable supervisory and regulatory matters; and

to reflect certain inadvertently omitted exhibits.

No other changes to the Original Report are included in this Amendment other than the items mentioned above and to provide currently-dated Exhibit Nos. 23, 31.1, 31.2, 32.1 and 32.2.

This Amendment is being filed in response to comments we received from the staff of the Division of Corporation Finance of the Securities and Exchange Commission (the "SEC") in connection with the staff's review of the Original Report. We have made no attempt in this Amendment to modify or update the disclosures presented in the Original Report other than as noted above. Also, this Amendment does not reflect events occurring after the filing of the Original Report. Accordingly, this Amendment should be read in conjunction with the Original Report, as amended and our other filings with the SEC subsequent to the filing of the Original Report.

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Form 10-K Cross Reference Sheet

The following shows the location in this Annual Report on Form 10-K or the Company's Proxy Statement for the Annual Meeting of Stockholders to be held on May 20, 2010, of the information required to be disclosed by the United States Securities and Exchange Commission Form 10-K. References to pages only are to pages in this report.

- PART I**
- Item 1. Business.** See "Business" at Pages 92 through 97, "Employees" at Page 106, "Market Area and Competition" at Pages 107 through 108 and "Regulation" at Pages 109 through 114.
- Item 1A. Risk Factors.** See "Risk Factors" at Pages 98 through 106.
- Item 1B. Unresolved Staff Comments.** None
- Item 2. Properties.** See "Properties" at Pages 114 through 116.
- Item 3. Legal Proceedings.** From time to time the Company is a participant in various legal proceedings incidental to its business. In the opinion of management, the liabilities (if any) resulting from such legal proceedings will not have a material effect on the financial position of the Company.
- Item 4. Submission of Matters to a Vote of Security Holders.** No matter was submitted to a vote of the security holders of the Company during the fourth quarter of 2009.
- PART II**
- Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.** See "Market for Common Stock and Dividends" at Pages 45 through 47.
- Item 6. Selected Financial Data.** See "Six Year Summary of Financial Information" at Pages 3 through 4.
- Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.** See "Management's Discussion and Analysis of Financial Condition and Results of Operation" at Pages 5 through 44.
- Item 7A. Quantitative and Qualitative Disclosures about Market Risk.** See "Interest Rate Risk Management Asset/Liability Management and Quantitative and Qualitative Disclosures About Market Risk" at Pages 37 through 41.
- Item 8. Financial Statements and Supplementary Data.** See Consolidated Financial Statements and Notes thereto at Pages 52 through 91.
- Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.** None.
- Item 9A. Controls and Procedures.** See "Disclosure Controls and Procedures" at Page 48 and "Management Report on Internal Control Over Financial Reporting" at Page 49.
- Item 9B. Other Information.** None.
- PART III**
- Item 10. Directors, Executive Officers and Corporate Governance.** The information required by this Item is incorporated by reference to the material appearing under the captions "Election of Directors" and "Compliance with Section 16(a) of the Securities Exchange Act of 1934" in the Proxy Statement.
- The Company has adopted a code of ethics that applies to its Chief Executive Officer and Chief Financial Officer. A copy of the code of ethics will be provided to any person, without charge, upon written request directed to Jane Cornett, Corporate Secretary, Eagle Bancorp, Inc., 7815 Woodmont Avenue, Bethesda, Maryland 20814.
- There have been no material changes in the procedures previously disclosed by which shareholders may recommend nominees to the Company's Board of Directors.
- Item 11. Executive Compensation.** The information required by this Item is incorporated by reference to the material appearing under the captions "Election of Directors Director's Compensation" and "Executive Compensation" in the Proxy Statement, as amended under "Executive Compensation" at Pages 117 through 137.
- Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.** See "Market for Common Stock and Dividends Securities Authorized for Issuance Under Equity Compensation Plans" at page 46. The remainder of the information required by this Item is incorporated by reference to the material appearing under the caption "Voting Securities and Principal Shareholders" in the Proxy Statement.

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Item 13. Certain Relationships and Related Transactions and Director Independence. The information required by this Item is incorporated by reference to the material appearing under the captions "Election of Directors" and "Certain Relationships and Related Transactions" in the Proxy Statement.

Item 14. Principal Accountant Fees and Services. The information required by this Item is incorporated by reference to the material appearing under the caption "Ratification of Appointment of Independent Registered Public Accounting Firm Fees Paid to Independent Accounting Firm" in the Proxy Statement.

PART IV Item 15. Exhibits, Financial Statement Schedules. See "Exhibits and Financial Statements" at Pages 138 through 139.

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Six Year Summary of Selected Financial Data

The following table shows selected historical consolidated financial data for Eagle Bancorp, Inc. (the "Company"). It should be read in conjunction with the Company's audited Consolidated Financial Statements appearing elsewhere in this report.

| | Year ended December 31, | | | | | |
|-------------------------------------------------------------|-------------------------|------------|------------|------------|------------|------------|
| (dollars in thousands except per share data) | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Balance Sheet Period End | | | | | | |
| Securities | \$ 245,644 | \$ 169,079 | \$ 87,117 | \$ 91,140 | \$ 68,050 | \$ 64,098 |
| Loans held for sale | 1,550 | 2,718 | 2,177 | 2,157 | 2,924 | 2,208 |
| Loans | 1,399,311 | 1,265,640 | 716,677 | 625,773 | 549,212 | 415,509 |
| Allowance for credit losses | 20,619 | 18,403 | 8,037 | 7,373 | 5,985 | 4,240 |
| Intangible assets, net | 4,379 | 2,533 | 236 | 255 | 168 | |
| Total assets | 1,805,504 | 1,496,827 | 846,400 | 773,451 | 672,252 | 553,453 |
| Deposits | 1,460,274 | 1,129,380 | 630,936 | 628,515 | 568,893 | 462,287 |
| Borrowings | 150,090 | 215,952 | 128,408 | 68,064 | 32,139 | 30,316 |
| Subordinated debt | 9,300 | 12,150 | | | | |
| Total liabilities | 1,617,183 | 1,354,456 | 765,234 | 700,535 | 607,288 | 494,919 |
| Preferred stockholders' equity | 22,612 | 36,312 | | | | |
| Common stockholders' equity | 165,709 | 106,059 | 81,166 | 72,916 | 64,964 | 58,534 |
| Total stockholders' equity | 188,321 | 142,371 | 81,166 | 72,916 | 64,964 | 58,534 |
| Tangible common equity(1) | 161,330 | 102,568 | 80,930 | 72,661 | 64,796 | 58,534 |
| Statement of Operations | | | | | | |
| Interest income | \$ 84,338 | \$ 65,657 | \$ 57,077 | \$ 50,318 | \$ 36,726 | \$ 24,195 |
| Interest expense | 24,809 | 23,676 | 23,729 | 17,880 | 8,008 | 4,328 |
| Provision for credit losses | 7,669 | 3,979 | 1,643 | 1,745 | 1,843 | 675 |
| Noninterest income | 7,297 | 4,366 | 5,186 | 3,846 | 3,998 | 3,753 |
| Noninterest expense | 42,773 | 30,817 | 24,921 | 21,824 | 18,960 | 14,952 |
| Income before taxes | 16,384 | 11,551 | 11,970 | 12,715 | 11,913 | 7,993 |
| Income tax expense | 5,965 | 4,123 | 4,269 | 4,690 | 4,369 | 2,906 |
| Net income | 10,419 | 7,428 | 7,701 | 8,025 | 7,544 | 5,087 |
| Preferred dividends | 2,307 | 177 | | | | |
| Net income available to common shareholders | 8,112 | 7,251 | 7,701 | 8,025 | 7,544 | 5,087 |
| Per Common Share Data(2) | | | | | | |
| Net income, basic | \$ 0.55 | \$ 0.63 | \$ 0.73 | \$ 0.77 | \$ 0.74 | \$ 0.51 |
| Net income, diluted | 0.55 | 0.62 | 0.71 | 0.74 | 0.70 | 0.48 |
| Dividends declared | | 0.11 | 0.22 | 0.21 | 0.20 | |
| Book value | 8.48 | 8.19 | 7.59 | 6.99 | 6.32 | 5.80 |
| Tangible book value(1) | 8.26 | 7.92 | 7.57 | 6.97 | 6.31 | 5.80 |
| Common shares outstanding | 19,534,226 | 12,714,355 | 10,693,447 | 10,425,870 | 10,274,394 | 10,078,712 |
| Weighted average common shares outstanding | 14,643,294 | 11,556,569 | 10,531,236 | 10,373,080 | 10,177,948 | 10,062,368 |
| Ratios | | | | | | |
| Net interest margin | 3.85% | 4.05% | 4.37% | 4.81% | 4.99% | 4.35% |
| Efficiency ratio(3) | 64.01% | 66.49% | 66.54% | 60.15% | 57.95% | 63.30% |
| Return on average assets | 0.65% | 0.69% | 0.96% | 1.13% | 1.24% | 1.04% |
| Return on average common equity | 6.60% | 8.05% | 10.03% | 11.63% | 12.25% | 9.16% |
| Total capital (to risk weighted assets) | 13.57% | 11.93% | 11.21% | 11.91% | 12.05% | 13.45% |
| Tier 1 capital (to risk weighted assets) | 11.82% | 9.78% | 10.20% | 10.82% | 11.04% | 12.52% |
| Tier 1 capital (to average assets) | 10.29% | 9.22% | 9.46% | 9.67% | 9.94% | 11.98% |
| Asset Quality | | | | | | |
| Nonperforming assets and loans 90+ past due | \$ 27,131 | \$ 26,366 | \$ 5,324 | \$ 2,013 | \$ 491 | \$ 156 |
| Nonperforming assets and loans 90+ past due to total assets | 1.50% | 1.76% | 0.63% | 0.26% | 0.07% | 0.03% |
| Allowance for credit losses to loans | 1.47% | 1.45% | 1.12% | 1.18% | 1.09% | 1.02% |
| Allowance for credit losses to nonperforming assets | 76.00% | 69.80% | 150.96% | 366.27% | 1218.94% | 2717.95% |
| Net charge-offs | \$ 5,454 | \$ 1,123 | \$ 979 | \$ 357 | \$ 98 | \$ 115 |
| Net charge-offs to average loans | 0.42% | 0.12% | 0.15% | 0.06% | 0.02% | 0.03% |

(1) The information set forth below contains certain financial information determined by methods other than in accordance with generally accepted accounting policies in the United States ("GAAP"). These non-GAAP financial measures are "tangible common equity," and "tangible book value per

common share." Our management uses these non-GAAP measures in its

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analysis of our performance because it believes these measures are material and will be used as a measure of our performance by investors. These disclosures should not be considered in isolation or a substitute for results determined in accordance with GAAP, and are not necessarily comparable to non-GAAP performance measures which may be presented by other bank holding companies. Management compensates for these limitations by providing detailed reconciliations between GAAP information and the non-GAAP financial measures. A reconciliation of these non-GAAP measures to the most comparable GAAP measure is set forth below.

| (dollars in thousands except per share data) | Year ended December 31, | | | | | |
|----------------------------------------------|-------------------------|-------------------|------------------|------------------|------------------|------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Common stockholders' equity | \$ 165,709 | \$ 106,059 | \$ 81,166 | \$ 72,916 | \$ 64,964 | \$ 58,534 |
| Less: Intangible assets | (4,379) | (2,533) | (236) | (255) | (168) | |
| Tangible common equity | \$ 161,330 | \$ 103,526 | \$ 80,930 | \$ 72,661 | \$ 64,796 | \$ 58,534 |
| Book value per common share | \$ 8.48 | \$ 8.34 | \$ 7.59 | \$ 6.99 | \$ 6.32 | \$ 5.80 |
| Less: Intangible book value per common share | (0.22) | (0.20) | (0.02) | (0.02) | (0.01) | |
| Tangible book value per common share | \$ 8.26 | \$ 8.14 | \$ 7.57 | \$ 6.97 | \$ 6.31 | \$ 5.80 |

- (2) Presented giving retroactive effect to the 10% stock dividend paid on the common stock on October 1, 2008 and the stock splits in the form of 30% dividend on the common stock paid on July 5, 2006 and Fe