EAGLE BANCORP INC
Form DEF 14A
April 01, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material under §240.14a-12

Eagle Bancorp, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)	Title of each class of securities to which transaction applies:
(2)	Aggregate number of securities to which transaction applies:
(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
(4)	Proposed maximum aggregate value of transaction:
(5)	Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1)	Amount Previously Paid:
(2)	Form, Schedule or Registration Statement No.:
(3)	Filing Party:
(4)	Date Filed:

Table of Contents

The Annual Meeting Of Shareholders Will Be Held At:

The Bethesda Marriott Hotel

5151 Pooks Hill Road

Bethesda, Maryland 20814-2432

on Thursday, May 15, 2014 at 10:00 A.M. EDT

To The Shareholders of Eagle Bancorp, Inc.:

Proxy Statement

The Board of Directors of the Eagle Bancorp, Inc. is soliciting your proxy for use at the Annual Meeting of Shareholders, to be held at 10:00 A.M. EDT on Thursday, May 15, 2014, and at any adjournment or postponement of the meeting. This proxy statement and proxy card are being sent to shareholders of the Company on or about April 1, 2014 to shareholders of record as of March 20, 2014, the record date for the meeting. A copy of the Company s Annual Report on Form 10-K for the year ended December 31, 2013, which includes our audited financial statements, also accompanies this proxy statement.

In this proxy statement, we refer to (a) Eagle Bancorp, Inc. as the Company, Eagle, we or us , (b) the Board of Directors as the Board or Bo Directors and (c) EagleBank, our wholly owned subsidiary, as EagleBank or the Bank. All share amounts and prices presented in this proxy statement have been adjusted to reflect the 10% stock dividend paid on June 14, 2013.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 15, 2014. A copy of this proxy statement, our Annual Report on Form 10-K for the year ended December 31, 2013, and our Report to Shareholders is available online at http://viewproxy.com/eaglebankcorp/2014.

Table of Contents

Notice of Meeting:

The Annual Meeting of Shareholders of Eagle Bancorp, Inc. (the Company), will be held for the following purposes:

1. To elect eight (8) directors to serve until the 2015 Annual Meeting of Shareholders and until their successors are duly elected and qualified;

2. To ratify the appointment of Stegman & Company as the Company s independent registered public accounting firm to audit the consolidated financial statements of the Company for the year ended December 31, 2014;

3. To vote on a non-binding advisory resolution approving the compensation of our named executive officers; and

4. To transact any other business that may properly come before the meeting or any adjournment or postponement of the meeting.

Shareholders of record as of the close of business on March 20, 2014 are entitled to notice of and to vote at the meeting or any adjournment or postponement of the meeting.

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the meeting, we urge you to vote and submit your proxy in order to ensure the presence of a quorum.

Registered shareholders may vote:

- By Internet: go to www.cesvote.com;

- By toll-free telephone: call 1 (888) 693-8683; or

- By mail: mark, sign, date and promptly mail the enclosed proxy card in the enclosed postage-paid envelope.

If your shares are not registered in your name, please see the voting instructions provided by your recordholder on how to vote your shares. You will need additional documentation from your recordholder in order to vote in person at the meeting.

By Order of the Board of Directors,

Jane E. Cornett, Corporate Secretary

April 1, 2014

Table of Contents

Table of Contents

Table of Contents

Proxy Statement

When and where is the meeting being held?

The meeting is being held at 10:00 A.M., EDT on Thursday, May 15, 2014, at The Bethesda Marriott Hotel, 5151 Pooks Hill Road, Bethesda, Maryland.

What am I being asked to vote on at the meeting?

You are being asked to vote on three proposals at the meeting:

1. the election of eight directors for a one year term until the 2015 Annual Meeting of Shareholders and until their successors are duly elected and qualified;

2. the ratification of the appointment of Stegman & Company as the Company s independent registered public accountants for the year ended December 31, 2014; and

3. a non-binding advisory resolution approving the compensation of our named executive officers.

How does the Board recommend I vote?

The Board unanimously recommends that you vote FOR the election of all of the nominees for election as director, and FOR the ratification of accountants and FOR the nonbinding resolution approving our named executive officer compensation.

Who is entitled to vote at the meeting?

Only shareholders of record of the Company s common stock, par value $0.01 per share (the common stock), at the close of business on March 20, 2014, will be entitled to notice of and to vote at the meeting or any adjournment or postponement of the meeting. On that date, the Company had 25,976,269 shares of common stock outstanding, held by approximately 12,543 total shareholders, including 806 shareholders of record. The common stock is the only class of securities entitled to vote at the meeting.

If your shares are registered directly in your name with Computershare Trust Company, N.A., our transfer agent, then you are a shareholder of record. As a shareholder of record, you may vote in person at the meeting, or vote by proxy, using any of the following three methods to submit your proxy:

- by Internet: go to www.cesvote.com and follow the instructions provided;
- by toll-free telephone: call 1 (888) 693-8683; or
- by mail: mark, sign, date and promptly mail the enclosed proxy card in the enclosed postage-paid envelope.

If your shares are held in an account at a broker, bank or other nominee (collectively, your broker), rather than in your name, then you are a beneficial owner of street name shares, and these proxy materials are being forwarded to you by your broker. Only your broker is entitled to vote your shares at the meeting or submit a proxy. (Please see the next question for important information regarding voting by your broker.) As a beneficial owner, you are entitled to direct your broker how to vote your shares. You will need to follow the directions your broker provides you and give it instructions as to how it should vote your shares by following the instructions you received with your copy of this proxy statement. If you want to vote your shares held in street name at the meeting, you will need to obtain a legal proxy from your broker authorizing you to vote your shares. A brokerage statement or the voting instruction form you receive from your broker will not allow you to vote in person at the meeting. Please note that your broker may have a deadline for submitting voting instructions which is earlier than the deadline for voting for recordholders.

Whether or not you plan to attend the meeting, we urge you to vote and submit your proxy, by Internet, telephone or mail, or to instruct your broker how to vote, in order to ensure the presence of a quorum.

Table of Contents

Will my broker vote my shares for me?

Under the rules of the New York Stock Exchange applicable to its member firms, your broker will not vote your shares on the election of directors or the advisory resolution on executive compensation unless they receive instructions from you. **If you hold your shares through a broker, it is extremely important that you instruct your broker how to vote your shares.** The election of directors (even if not contested) and the non-binding advisory vote on executive compensation are not considered routine matters. As such, your broker cannot vote your shares with respect to these proposals if you do not give instructions.

How many votes do I have?

You have one vote for each share of common stock you hold as of the record date on each matter submitted for the vote of shareholders. You do not have the right to cumulate votes in the election of directors.

What is the quorum requirement for the meeting?

The presence, in person or by proxy, of at least a majority of the total number of outstanding shares of common stock is necessary to constitute a quorum at the meeting.

How will proxies be voted and counted?

Properly executed proxies received by the Company in time to be voted at the meeting will be voted as you specify. If you do not specify how you want your shares voted, proxies will be voted **FOR** the election of all the nominees for election as directors, **FOR** the ratification of the appointment of Stegman & Company, and **FOR** the non-binding advisory resolution approving the compensation of our named executive officers. We do not know of any other matters that will be brought before the meeting. If other matters are properly brought before the meeting, the persons named in the proxy intend to vote the shares to which the proxies relate in accordance with their best judgment.

The inspector of election appointed by the Board of Directors for the meeting will determine the presence of a quorum and will tabulate the votes cast at the meeting. Abstentions will be treated as present for purposes of determining a quorum, but as unvoted for purposes of determining the approval of any matter submitted to the vote of shareholders. If a broker advises the Company that it cannot vote on a matter because the beneficial owner has not provided voting instructions and it does not have discretionary voting authority on a particular matter, this is a broker non-vote with respect to that matter. Shares subject to broker non-votes will be counted as shares present or represented at the meeting for purposes of determining whether a quorum exists; however, such shares will not be considered as present or voted with respect to the matters on which the broker does not have the power to vote.

Can I revoke my proxy after I submit it?

Yes. You may revoke your proxy or change your vote at any time before it is voted at the meeting:

- by granting a later proxy with respect to the same shares;

- by sending written notice to Jane E. Cornett, Corporate Secretary of the Company, 7830 Old Georgetown Road, Third Floor, Bethesda, Maryland 20814 at any time prior to the proxy being voted; or

- by voting in person at the meeting.

Your attendance at the meeting will not, in itself, revoke your proxy. If your shares are held in the name of your broker, please see the voting form provided by your broker for additional information regarding the voting of your shares.

What votes are required to approve the election of directors and the other proposals?

Under Maryland law and our bylaws, directors are elected by a plurality of the votes cast in the election, in the order of the number of votes received. Each of the other proposals requires a majority of the votes cast on that matter in order to be approved.

Table of Contents

How are proxies being solicited?

Proxies may also be solicited personally or by telephone by officers, regular employees or directors of the Company or its subsidiary, EagleBank, who will not receive any special compensation for their services in soliciting proxies. Additionally, we have engaged Alliance Advisors, LLC (Alliance), a proxy solicitation firm, to assist us in the distribution of proxy materials and the solicitation of votes. We will pay Alliance a fee of $5,500, plus reimbursement of its out-of-pocket expenses, for its services. We may also reimburse brokers, custodians, nominees and other fiduciaries for their reasonable out-of-pocket and clerical costs for forwarding proxy materials to their principals. The cost of this proxy solicitation is being paid by the Company.

How can I find out the results of the voting at the annual meeting?

Voting results will be announced by the filing of a Current Report on Form 8-K within four business days after the Annual Meeting ends. If final voting results are unavailable at that time, we will file an amended Current Report on Form 8-K within four business days after the day final results are available.

What does it mean if I receive more than one set of materials?

This means you hold shares of common stock in more than one way. For example, you may own some shares directly as a shareholder of record and other shares through a broker, or you may own shares through more than one broker. In these situations you may receive multiple sets of proxy materials. In order to vote all the shares you own, you must either complete, sign, and return all of the proxy cards or follow the instructions for any alternative voting procedure on each of the proxy cards voting forms you receive. Each proxy card you received came with its own prepaid return envelope. If you vote by mail, make sure you return each proxy card in the return envelope that accompanied that proxy card.

Why aren t all of the shareholders who are in my household getting their own copy of the proxy materials?

In some cases, only one copy of the proxy statement and the annual report is being delivered to multiple shareholders sharing an address. However, this delivery method, called householding, is not being used if we have received contrary instructions from one or more of the shareholders. We will deliver promptly, upon written or oral request, a separate copy of this proxy statement and the Annual Report to a shareholder at a shared address to which a single copy of the documents were delivered. To request a separate delivery of these materials now or in the future, you should submit a written request to: Jane E. Cornett, Corporate Secretary, at the Company s executive offices, 7830 Old Georgetown Road, Bethesda, Maryland 20814, or by calling (301) 986-1800. Additionally, any shareholders who are presently sharing an address and receiving multiple copies of shareholder mailings and who would prefer to receive a single copy of such materials may let us know by directing that request to us in the manner provided above.

Table of Contents

Voting Securities and Principal Shareholders

Securities Ownership of Directors, Nominees, Officers and Certain Beneficial Owners

The following table sets forth certain information concerning the number and percentage of whole shares of the Company s common stock beneficially owned by its directors, its executive officers whose compensation is disclosed in this proxy statement, and by its directors and all executive officers as a group, as of March 20, 2014. Except as otherwise indicated, all shares are owned directly, the named person possesses sole voting and sole investment power with respect to all such shares, and none of such shares are pledged as security. Unvested shares of restricted stock are included in ownership amounts. Except as set forth below, the Company knows of no other person or persons who beneficially own in excess of five percent of the Company s common stock. Further, the Company is not aware of any arrangement which at a subsequent date may result in a change of control of the Company.

Name	Position	Number of Shares	Percentage(1)
Directors			
Leslie M. Alperstein, Ph.D.	Director of Company and Bank	75,645(2)	0.29%
Dudley C. Dworken	Director of Company and Bank	233,079(3)	0.90%
Harvey M. Goodman	Director of Company and Bank	138,343(4)	0.53%
Ronald D. Paul	Chairman, President and Chief Executive Officer of Bank	1,918,265(5)	7.37%
Robert P. Pincus	Vice Chairman of Company and Bank	246,933(6)	0.95%
Norman R. Pozez	Director of Company and Bank	217,853(7)	0.84%
Donald R. Rogers	Director of Company and Bank	98,672(8)	0.38%
Leland M. Weinstein	Director of Company and Bank	126,822(9)	0.49%
Other Named Executive Officers			
James H. Langmead	Executive Vice President, Chief Financial Officer of Company and Bank	83,002(10)	0.32%
Antonio F. Marquez	Executive Vice President, Chief Lending Officer Commercial Real Estate of Bank	14,978(11)	0.06%
Susan G. Riel	Executive Vice President of Company; Senior Executive Vice President, Chief Operating Officer of Bank	163,797(12)	0.63%
Janice l. Williams	Executive Vice President, Chief Credit Officer of Bank	70,201(13)	0.27%
All Directors and Executive Officers as a Group (17 persons)		3,551,575(14)	13.50%
Other 5% Shareholders			
BlackRock, Inc.		1,400,390(15)	5.39%

Table of Contents

Description of Footnotes

(1) Represents percentage of 25,976,269 shares issued and outstanding as of March 20, 2014, except with respect to (a) individuals holding options exercisable within 60 days of that date, in which event, represents percentage of shares issued and outstanding plus the number of shares for which that person holds options exercisable within 60 days of March 20, 2014, and (b) all directors and executive officers of the Company as a group, in which case represents percentage of shares issued and outstanding plus the number of shares for which those persons hold such options. Certain shares beneficially owned by the Company s directors and executive officers may be held in accounts with third party firms, where such shares may from time to time be subject to a security interest for margin credit provided in accordance with such firm s policies.

(2) Includes options to purchase 817 shares of common stock.

(3) Includes 68,092 shares held in a trust of which Mr. Dworken is beneficiary, 25,073 shares held jointly, 34,062 shares held in pension or retirement accounts, 74,461 shares held by relatives sharing the same household and 18,216 shares held by or in trust for the benefit of a member of his family.

(4) Includes shares held jointly with Mr. Goodman s spouse, 4,000 shares held for members of his family, 4,718 shares held in profit or retirement accounts for his benefit, 2,330 shares held by an estate over which Mr. Goodman has voting power, and 306 shares held as trustee.

(5) Includes options to purchase 50,612 shares of common stock. An aggregate of 200,000 shares are pledged as collateral. Includes 18,646 shares held by a charitable foundation over which Mr. Paul shares voting and investment power. Includes 569,400 shares held by third party trustees in trust for the benefit of family members of Mr. Paul, as to which he disclaims beneficial ownership. Does not include 189,740 shares of common stock contributed to Charitable Lead Annuity Trusts in which Mr. Paul has a residual interest, but as to which he does not have or share voting or dispositive power. Mr. Paul s business address is c/o Ronald D. Paul Companies, Inc. 4416 East West Highway, Bethesda, Maryland 20814.

(6) Includes options to purchase 114,625 shares of common stock, 2,274 shares held by his spouse and 10,041 shares held by a family LLC. Includes 11,000 shares held by a trust for the benefit of Mr. Pincus son.

(7) Includes 55,000 shares held by pension or retirement plans, 143,000 shares held by a company controlled by Mr. Pozez and 7,078 shares over which Mr. Pozez has or shares voting or investment power.

(8) Includes options to purchase 817 shares of common stock, 24,538 shares held for the benefit of his children and 29,551 shares held for the benefit of his spouse.

(9) Includes options to purchase 817 shares of common stock.

(10) Includes shares held jointly.

(11) Includes options to purchase 38,494 shares of common stock.

(12) Includes options to purchase 51,474 shares of common stock.

(13) Includes options to purchase 33,349 shares of common stock.

(14) Includes options to purchase 334,117 shares of common stock.

(15) Based on beneficial ownership reported in a Schedule 13G filed on January 29, 2014, and the number of shares outstanding as of February 28, 2014. BlackRock Inc. s address is 55 East 52nd Street, New York, New York 10055.

Table of Contents

Proposal 1: Election of Directors

The Board of Directors has nominated eight (8) persons for election as directors at the meeting, for a one-year period until the 2015 Annual Meeting of Shareholders and until their successors have been elected and qualified.

Unless you withhold authority to vote for one or more nominees for election as director, all proxies received in response to this solicitation will be voted for the election of the nominees listed below. Each of the nominees for election as a director currently serves as a member of the Board of Directors. Each nominee has indicated a willingness to serve if elected. However, if any nominee becomes unable to serve, the proxies received in response to this solicitation will be voted for a replacement nominee selected in accordance with the best judgment of the persons named as proxies.

The rules of The NASDAQ Stock Market (NASDAQ) require that a majority of the members of the Board be independent directors. The Board of Directors has determined that each director and nominee for election as director, other than Mr. Paul, is an independent director as that term is defined in Rule 5605(a)(2) of the NASDAQ rules. The Board has also considered whether the members of the Audit and Compensation Committees are independent under the heightened standards of independence required by Sections 5605(c)(2)(A) and 5605(d)(2)(A), respectively, of the NASDAQ rules, and has determined that they are. In making these determinations, the Board of Directors was aware of and considered the loan and deposit relationships with directors and their related interests which the Company enters into in the ordinary course of its business, the arrangements which are disclosed under Certain Relationships and Related Transactions in this proxy statement, and the compensation arrangements described under Director Compensation. In making this determination with respect to Mr. Rogers service on the Compensation Committee, the Board also considered the fees paid by the Company and its subsidiaries for legal services to the law firm of which Mr. Rogers is a member. The Board of Directors was aware that Mr. Rogers does not receive substantial personal compensation as a result of the services provided by, or the fees paid to, his firm, and as such, determined that Mr. Rogers membership in the law firm did not constitute a relationship with the Company that was material to his ability to be independent from management in connection with his duties as a member of the Compensation Committee.

As required under applicable NASDAQ listing standards, our independent directors meet in regularly scheduled executive sessions at which only independent directors are present.

Set forth below is information concerning the nominees for election as directors. Except as otherwise indicated, the occupation listed has been such person s principal occupation for at least the last five years. Each of the nominees also serves as a director of the Bank. Except as noted below, each nominee has served as a director of the Company since its organization.

Table of Contents

Nominees for the Board of Directors

Leslie M. Alperstein, Ph.D.

Mr. Alperstein, 71, has been President of Washington Analysis LLC and its predecessor firm, Washington Analysis Corp., a leading governmental policy investment research group in Washington, DC, since its inception in 1973. He has served as Executive Managing Director and Director of Research of HSBC Securities, Inc., Director of Economic and Investment Research for NatWest Securities, Prudential Securities, Shields Model Roland, Inc. and Legg Mason & Co. His professional memberships include the National Association of Business Economists, the National Economists Club, and the CFA Society of Washington. Mr. Alperstein was appointed to the Board of Directors in September 2003, and has served as a director of the Bank since 2009. Mr. Alperstein s knowledge and experience in the fields of economics and investment management make him uniquely qualified for the Board. His contributions are important in the areas of asset-liability management, investment policy and other strategic issues.

Dudley C. Dworken

Mr. Dworken, 64, is a private investor and real estate developer. Mr. Dworken was the owner of Curtis Chevrolet, an automobile dealership in Washington, DC. Mr. Dworken was a Director of F&M Bank Allegiance and its predecessor Allegiance Bank, N.A. (collectively Allegiance) from 1987 until October 1997, and a director of Allegiance Banc Corporation from 1988 until its acquisition by F&M National Corporation, which was subsequently acquired by BB&T Corporation (F&M). Mr. Dworken is an active member of numerous community, business, charitable and educational institutions in the Washington, DC/Montgomery County area. Mr. Dworken has served as a director of the Company and Bank since 1999. In addition to his many years of service on the boards of banking institutions, Mr. Dworken brings entrepreneurial business knowledge and experience to the Board through his ownership and operation of one of the largest automobile dealerships in Washington, DC and his real estate development activities. He is Chairman of the Washington Area, the Philadelphia Area and the Eastern Pennsylvania Better Business Bureaus, and is a former Trustee of the Washington Area New Automobile Dealers Association. He has intimate knowledge of the Company through his experience as Chairman of the Company s Audit Committee.

Harvey M. Goodman

Mr. Goodman, 58, has been with The Goodman, Gable, Gould Company, the Maryland based public insurance adjusting firm where he serves as President, since 1977. He is a director and past president of the National Association of Public Insurance Adjusters, and is a principal, and formerly a director, of Adjusters International, a national public adjusting firm. Mr. Goodman has served as a director of the Company since 2007, and of the Bank since its organization. Mr. Goodman brings both entrepreneurial experience and a wealth of knowledge of the financial services industry, with a specialty in insurance. He possesses valuable expertise in the areas of risk management and compliance. He has expertise in corporate governance through his board service to organizations in the insurance industry.

Table of Contents

Ronald D. Paul

Mr. Paul, 58, is President, Chief Executive Officer and Chairman of the Board of Directors of the Company. He has served as Chairman since May 2008, and prior to that time was Vice Chairman and Chief Executive Officer since the organization of the Company. He also has served as Chairman of the Board of Directors of the Bank since its organization. Since June 2006, he has served as Chief Executive Officer of the Bank, and he served as Interim President of the Bank from November 3, 2003 until January 26, 2004. Mr. Paul is President of RDP Management, Inc., which is engaged in the business of real estate investment and management. He is active in private investments, including as Chairman of Bethesda Investments, Inc., a private venture capital fund. Mr. Paul was a director of Allegiance from 1990 until September 1997, and a director of Allegiance Banc Corporation from 1990 until its acquisition by F&M, including serving as Vice Chairman of the Board of Directors from 1995. Mr. Paul is also active in various charitable organizations, including serving as Vice Chairman of the Board of Directors of the National Kidney Foundation from 1996 to 1997, and the Chairman from 2002 to 2003. Mr. Paul s qualifications for the Board include his entrepreneurial, management and real estate expertise developed through his operation of a significant real estate and property management company in the Washington metropolitan area. Mr. Paul also has significant experience in corporate governance issues from his prior board service with other public companies and major non-profit organizations. He has extensive knowledge of the Company due to his service in Board and management positions since the inception of the Company. In 2013, Mr. Paul was the recipient of the American Banker magazine Community Banker of the Year award.

Robert P. Pincus

Mr. Pincus, 67, serves as Vice Chairman of the Board of Directors of the Company and the Bank. Prior to joining the Company in August 2008 upon the acquisition of Fidelity & Trust Financial Corporation (Fidelity), Mr. Pincus served as Chairman of its wholly owned subsidiary, Fidelity & Trust Bank (F&T Bank) from 2005. He previously served as Chairman of Milestone Merchant Partners, LLC. He was Chairman of the Board of BB&T, DC Metro Region, and was Regional President from 1998 to 2002. From 1991 to 1998, Mr. Pincus was President and Chief Executive Officer of Franklin National Bank of Washington, DC. From 1986 to 1991, Mr. Pincus was the regional president of the DC metropolitan region of Sovran Bank. From 1971 to 1986, Mr. Pincus was with DC National Bancorp, Inc., where he eventually rose to be President and Chief Executive Officer, prior to its merger with Sovran Bank. Mr. Pincus was a Trustee of the University of Maryland Foundation, Inc. and was a Trustee at American University. He is a member of the board of directors of Comstock Homebuilding Companies, Inc., and until 2007 was a director of Mills Corp. Mr. Pincus brings to the Board a wealth of experience in the worlds of commercial and investment banking. He has previously served as CEO of two different community banks and as a member of the executive committee for major regional banks. He has a strong background in many facets of the financial services industry, as well as the real estate and homebuilding industries and mergers and acquisitions. He has prior experience at both the Board and Audit Committee level with other public companies.

Norman R. Pozez

Mr. Pozez, 59, is the Chairman and Chief Executive Officer of The Uniwest Companies, Uniwest Construction, Inc., and Uniwest Commercial Realty, Inc., and of Ridemakerz, LLC. Mr. Pozez has been in the real estate development field for over thirty years. Previously, Mr. Pozez was Chief Operating Officer of The Hair Cuttery of Falls Church, Virginia and is currently on the firm s Board of Advisors. Mr. Pozez has also served as a Regional Director of Real Estate and Construction for Payless ShoeSource. During his tenure at Payless and for some years thereafter, Mr. Pozez served on the Board of Directors of Bookstop, Inc., which was sold to Barnes and Noble in 1989. Mr. Pozez is a licensed Real Estate Broker in Washington, DC, Maryland and Virginia. Since 1979, Mr. Pozez has been an active member of the International Council of Shopping Centers and is a Board member of a number of not-for-profit organizations serving community needs in and around the Washington, DC metropolitan area. Mr. Pozez served as Chairman of the Board of Fidelity from April 2004 until February 2005, and as a director of Fidelity from September 2007 until August 2008, at which time Fidelity was acquired by the Company and Mr. Pozez became a director of the Company and Bank. In 2011, Mr. Pozez joined the Board of Advisors of Clearspire, LLC, a startup, virtual law firm. Mr. Pozez s qualifications for Board service include 30 years of management experience at both regional and national companies such as the Hair Cuttery and Payless ShoeSource. His experience in company operations and real estate are very beneficial in light of the Company s business objectives. He has experience in corporate governance through his prior board service with other companies and non-profit organizations.

Table of Contents

Donald R. Rogers

Mr. Rogers, 68, has been engaged in the private practice of law since 1972 with the Rockville, Maryland-based firm Shulman, Rogers, Gandal, Pordy & Ecker, P.A., of which he is a partner. Mr. Rogers was a director of Allegiance from 1987 until October 1997. Mr. Rogers has served as a director of the Company since 2007 and of the Bank since its organization. Mr. Rogers has vast business knowledge and experience gained through his position as a senior partner and chair of the commercial business practice for the largest law firm in Montgomery County, Maryland. He has served as adviser to hundreds of privately owned businesses. He has extensive knowledge of the Company through his service on the Company s and Bank s Boards. For the past six years he has been Chairman of the EagleBank Foundation, which has raised more than $1.6 million for the fight against breast cancer. In addition Mr. Rogers continues to serve as a member of the Board of Directors of a number of privately held companies.

Leland M. Weinstein

Mr. Weinstein, 51, has served as President of Syscom Services, Inc., a technology consulting and integration firm, since 1997. Previously, he spent thirteen years with Automated Digital Systems, an integrator of duplication and facsimile technologies, where he rose to president and owner of the company, which he sold to Alco Standard Corporation, which became Ikon Office Solutions. Mr. Weinstein has been appointed to advisory councils for Xerox, Intel/Dialogic, Sharp Electronics, Opentext/Rightfax, Autonomy/Cardiff, Murata Business Systems, Brooktrout Technologies, Panasonic Electronics, and was Chairman of the technology council of the American Society of Association Executives (ASAE). He was formerly a member of the Board of Governors of the University of Maryland Alumni Association, where he chaired the Admissions Committee. Currently Mr. Weinstein sits on the ASAE Industry Partner Alliance, where he is the Co-Chair of their technology committee. Mr. Weinstein has served as a director of the Company since 2005 and of the Bank since 1998. Mr. Weinstein has vast business knowledge and experience gained through his position as President of a successful technology-based enterprise. His expertise in regard to technology issues is valuable as it relates to the Company s business development and operating strategies. He has extensive knowledge of the Company through his service at the Board and committee level.

<u>Vote Required and Board Recommendation.</u>

Nominees receiving a plurality of the votes cast at the meeting in the election of directors will be elected as directors, in the order of the number of votes received. **The Board of Directors unanimously recommends that shareholders vote FOR each of the nominees for election as directors.**

Additional Directors of the Bank

If elected, the nominees for election as directors intend to vote for each of the nominees and the following persons to serve as directors of the Bank. Each of the following persons currently serves as a director of the Bank.

Steven L. Fanaroff

Mr. Fanaroff, 54, has served as Managing Director of Fanaroff & Steppa, LLC a real estate holding company, since 2005. He also serves as Managing Director of Bedrock, LLC, an asset management company. Mr. Fanaroff served on the Board of Directors of Allegiance from 1990 until 1997. Mr. Fanaroff has served as a director of the Bank since its organization.

Benson Klein

Mr. Klein, 69, has been an attorney in Montgomery County since 1970, and a principal with Ward & Klein, Chartered, since 1978. Mr. Klein is also engaged in real estate investment activities in Montgomery County. He served as a director of Allegiance from 1996 to 1997 and previously served as a director of Lincoln National Bank. Mr. Klein is currently, and has been, a member of a variety of community, business and charitable institutions in the Washington, DC/Montgomery County area. Mr. Klein has served as a director of the Bank since its organization.

Table of Contents

Susan Lacz

Ms. Lacz, 53, is a Principal and is Chief Executive Officer of Ridgewells Caterers. She joined the firm in 1986 and purchased it with her business partners in 1997. Active in the community, Ms. Lacz serves on the boards of the Greater Washington Board of Trade, Junior Achievement, Marymount University, Don Bosco Cristo Rey High School and Imagination Stage. Prior to joining the Board of Directors of the Bank in August of 2008, Ms. Lacz served as a director of F&T Bank from 2005 to 2008.

Bruce H. Lee

Mr. Lee, 49, is President of Development for Lee Development Group, a closely held, family real estate business founded in 1920 and based in downtown Silver Spring. He is principal broker of record for Montgomery Land Company, LLC, which specializes in commercial sales, leasing, and property management and the general partner of Montgomery 1936 Land Company LLC and General Manager of Acorn Self Storage. Mr. Lee was the charter president of the Greater Silver Spring Chamber in 1993. Mr. Lee currently serves as Co-Chair of the ICSC Alliance Committee and is involved with a wide array of local and regional business, charitable and industry associations. Mr. Lee was an elected Council member and Chairman of the Township of Chevy Chase View, Maryland. Mr. Lee has served as a director of the Bank since 2000.

Benjamin M. Soto

Mr. Soto, 45 is an attorney practicing in the areas of real estate transactions and bankruptcy. He is the principal of Premium Title and Escrow, LLC, a Washington, DC-based full service title company. In addition he is the owner of Paramount Development, LLC, which is focused on the acquisition and ground up development of commercial buildings and hotels in Washington, DC. He frequently lectures to members of the DC Bar, is a former board member of the National Bar Association, and of the DC Sports and Entertainment Commission, and a former Vice-Chair of the DC Board of Real Property Assessment and Appeals. Mr. Soto is a member of the DC Builders Industry Association, the Maryland Land Title Association, and a member of the Board of Directors of the DC Chamber of Commerce. He is also a Director of the DC Land Title Association and the DC Public Education Fund. Mr. Soto has served as a director of the Bank since 2006.

James A. Soltesz

Mr. Soltesz, 59, has served as Chief Executive Officer of Soltesz, Inc., a land development engineering and consulting firm since 1997. Mr. Soltesz serves on the Board of Trustees of Georgetown Preparatory School, Mater Dei School, as a Life Director of the Maryland-National Capital Area Building Industry Association, and Catholic Charities Foundation. His firm includes 280 people located in six offices throughout the metropolitan area of Washington, DC. Mr. Soltesz has served as a director of the Bank since 2007.

Table of Contents

Meetings, Committees, and Procedures of the Board of Directors

Our Board of Directors met six (6) times during 2013. All members of the Board of Directors of the Company attended at least 75% of the meetings held by the Board of Directors and by all committees on which such member served during the 2013 fiscal year or any portion thereof.

The Board of Directors has a standing Audit Committee, Compensation Committee and Governance & Nominating Committee. The following is membership and meeting information for each of these committees during the fiscal year ended December 31, 2013, as well as a description of each committee and its functions.

Name	Audit Committee	Compensation Committee	Governance & Nominating Committee
Leslie M. Alperstein, Ph.D.	X	X	
Dudley C. Dworken	C	X	
Harvey M. Goodman		X	
Ronald D. Paul			
Robert P. Pincus	X	X	X
Norman R. Pozez	X	X	C
Donald R. Rogers		C	
Leland M. Weinstein	X	C	X
Number of Meetings in 2013	4	3	2

C = Denotes Chairperson/Co-Chairperson of committee.

Audit Committee

The Audit Committee is responsible for the selection, review and oversight of the Company s independent registered public accounting firm, occasionally referred to as the independent accountants, the approval of all audit, review and attest services provided by the independent accountants, the integrity of the Company s reporting practices and evaluation of the Company s internal controls and accounting procedures, including review and approval of quarterly and annual filings with the Securities and Exchange Commission on Forms 10-Q and 10-K and internal audit departments plans and reports. It also periodically reviews audit reports with the Company s independent accountants. The Board of Directors has adopted a written charter for the Audit Committee. A copy of the charter is available on the Company s website at www.eaglebankcorp.com. Each of the members of the Audit Committee is independent, as determined under the definition of independence adopted by NASDAQ for audit committee members in Rule 5605(c)(2)(A). The Board of Directors has determined that Mr. Alperstein is the audit committee financial expert as defined under regulations of the Securities and Exchange Commission.

The Audit Committee is also responsible for the pre-approval of all non-audit services provided by its independent accountants. Non-audit services are only provided by the independent auditors to the extent permitted by law. Pre-approval is required unless a *de minimus* exception is met. To qualify for the *de minimus* exception, the aggregate amount of all such non-audit services provided to the Company must constitute not more than five percent of the total amount of revenues paid by the Company to its independent accountants during the fiscal year in which the non-audit services are provided; such services were not recognized by the Company at the time of the engagement to be non-audit services; and the non-audit services are promptly brought to the attention of the committee and approved by one or more members of the committee to whom authority to grant such approval has been delegated by the committee prior to the commencement of the non-audit services.

Table of Contents

Compensation Committee

The Compensation Committee makes determinations with respect to salary levels, bonus compensation and equity compensation awards for executive officers. The Compensation Committee has the sole responsibility for determining executive compensation, including that of the named executive officers. Each of the members of the Compensation Committee is independent, as determined under the definition of independence adopted by NASDAQ for audit committee members in Rule 5605(d)(2)(A). The Board of Directors has adopted a charter for the Compensation Committee. A copy of the charter is available on the Company s website at www.eaglebankcorp.com.

During 2013, the Compensation Committee retained and worked with ChaseCompGroup, LLC (the ChaseCompGroup), an executive compensation and benefits consulting firm of national scope and reputation, to assist the Company in evaluating executive compensation levels and the form of executive compensation, and in connection with determining compensation levels for 2012 and 2013. In September, 2013, in accordance with the requirement contained in the Compensation Committee s revised charter that a compensation consultant not serve more than five years, the Compensation Committee retained Meyer-Chatfield Compensation Advisors to advise it in connection with executive compensation decisions for 2014.

Governance & Nominating Committee

The Board of Directors has a standing Governance & Nominating Committee, consisting of three members of the Board of Directors who are independent directors within the meaning of NASDAQ Rule 5605(a)(2). The Governance & Nominating Committee is responsible for the evaluation of nominees for election as director, the recommendation to the Board of Directors of director candidates for nomination for election by the shareholders and evaluation of sitting directors. The Board of Directors has adopted a charter for the Governance & Nominating Committee addressing the nominations process. A copy of the charter is available on the Company s website at www.eaglebankcorp.com.

The Board has not developed a formal policy for the identification or evaluation of nominees. In general, when the Board determines that expansion of the Board or replacement of a director is necessary or appropriate, the nominating committee will review, through candidate interviews with members of the Board and management, consultation with the candidate s associates and through other means, a candidate s honesty, integrity, reputation in and commitment to the community, judgment, personality and thinking style, willingness to invest in the Company, residence, willingness to devote the necessary time, potential conflicts of interest, independence, understanding of financial statements and issues, and the willingness and ability to engage in meaningful and constructive discussion regarding Company issues. The Governance & Nominating Committee would review any special expertise, for example, expertise that qualifies a person as an audit committee financial expert, and membership or influence in a particular geographic or business target market, or other relevant business experience. The Board of Directors and the Governance & Nominating Committee have not established a specific diversity component in their consideration of candidates for director. To date the Company has not paid any fee to any third party to identify or evaluate, or to assist it in identifying or evaluating, potential director candidates.

The Governance & Nominating Committee will consider director candidates nominated by shareholders during such times as the Company is actively considering obtaining new directors, on the same basis as candidates proposed by the committee, the Board or other sources. Candidates recommended by shareholders will be evaluated based on the same criteria described above. Shareholders desiring to suggest a candidate for consideration should send a letter to the Company s Corporate Secretary and include: (a) a statement that the writer is a shareholder (providing evidence if the person s shares are held in street name) and is proposing a candidate for consideration; (b) the name and contact information for the candidate; (c) a statement of the candidate s business and educational experience; (d) information regarding the candidate s qualifications to be director, including but not limited to an evaluation of the factors discussed above which the Board would consider in evaluating a candidate; (e) information regarding any relationship or understanding between the proposing shareholder and the candidate; (f) information regarding potential conflicts of interest; and (g) a statement that the candidate is willing to be considered and willing to serve as director if nominated and elected. Because of the limited resources of the Company and the limited opportunity to seek additional directors, there is no assurance that all shareholder proposed candidates will be fully considered, that all candidates will be considered equally, or that the proponent of any candidate or the proposed candidate will be contacted by the Company or the Board, and no undertaking to do so is implied by the willingness

Table of Contents

to consider candidates proposed by shareholders.

In addition, the Governance & Nominating Committees regularly discusses the contributions of the persons then serving as directors, to ensure alignment with the strategic and tactical directions of the Company.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee has served as an officer or employee of the Company or Bank at any time. None of our executive officers serve as a member of the Compensation Committee of any other company that has an executive officer serving as a member of our Board of Directors. None of our executive officers serve as a member of the board of directors of any other company that has an executive officer serving as a member of the Compensation Committee. Except for loans and deposit transactions in the ordinary course of business made on substantially the same terms, including interest rates and collateral, as those for comparable transactions with unaffiliated parties, and not presenting more than the normal risk of collectability or other unfavorable features, and for transactions described under Election of Directors - Director Compensation and Executive Compensation - Certain Relationships and Related Transactions, no member of the Compensation Committee or any of their related interests has any material interest in any transaction involving more than $120,000 to which the Company is a party.

Board Leadership Structure and Risk Oversight Role

The role of Chairman of the Board of Directors and Chief Executive Officer of the Company are currently held by the same person, Mr. Paul. This structure is not mandated by any provision of law or our articles of incorporation or bylaws. The Board of Directors reserves the right to establish a different structure in the future. The Board of Directors currently believes that this structure is the most appropriate leadership structure for the Company. Under the Company s bylaws, the official role and power of the Chairman is limited, and is related largely to the conduct of meetings of the Board of Directors and shareholders. The Board of Directors believes that the Chief Executive Officer is in the best position to be aware of major issues facing the Company on a day-to-day and long-term basis, and is in the best position to identify key risks and developments facing the Company that may need to be brought to the full Board s attention. Further, a combined Chairman/Chief Executive Officer position eliminates the potential for confusion as to who leads the Company, providing the Company with a single public face in dealing with customers, shareholders, employees, regulators, analysts and other constituencies. To date, this structure has worked successfully for the Company. The Board of Directors does not have a designated lead director. However, members of the Board of Directors are active in their oversight of management.

The Board of Directors of the Company, all of the members of which are also members of the Board of Directors of the Bank, is actively involved in the Company s and Bank s risk oversight activities. These directors, as well as the directors of the Bank, working through numerous committees of the Company and Bank, review and approve the policies of the Company and Bank. The Boards of Directors regularly review the minutes and other reports from the various Board committees.

Shareholder Communications

If you wish to communicate with the Board of Directors or an individual director, you can write to Eagle Bancorp, Inc., 7830 Old Georgetown Road, Bethesda, Maryland 20814, Attention: Jane E. Cornett, Corporate Secretary. Your letter should indicate that you are a shareholder, and whether you own your shares as a registered holder or in street name. Depending on the subject matter, management will: (a) forward the communication to the director or directors to whom it is addressed; (b) handle the inquiry directly or delegate it to appropriate employees, such as where the communication is a request for information, a stock related matter, or a matter related to ordinary course matters in the conduct of the Company s banking business; or (c) not forward the communication where it is primarily commercial or political in nature, or where it relates to an improper, frivolous or irrelevant topic. Communications which are not forwarded will be retained until the next Board meeting, where they will be available to all directors.

Director Attendance at the Annual Meeting

The Board of Directors believes it is important for all directors to attend the annual meeting of shareholders in order to show their support for the Company and to provide an opportunity for shareholders

Table of Contents

to communicate any concerns to them. Accordingly, it is the policy of the Company to encourage all directors to attend each annual meeting of shareholders unless they are unable to attend by reason of personal or family illness or pressing matters. All of the eight directors in office at the time attended the 2013 annual meeting of shareholders.

Audit Committee Report

The Audit Committee has been appointed to assist the Board of Directors in fulfilling the Board s oversight responsibilities by reviewing the financial information that will be provided to the shareholders and others, the systems of internal controls established by management and the Board and the independence and performance of the Company s audit process.

The Audit Committee has:

1. reviewed and discussed with management the audited consolidated financial statements included in the Company s Annual Report on Form 10-K;

2. discussed with Stegman & Company, the Company s independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and

3. has received the written disclosures and letter from Stegman & Company as required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountants communications with the Audit Committee concerning independence, and has discussed with Stegman & Company, its independence.

Based on these reviews and discussions, the Audit Committee has recommended to the Board of Directors that the audited consolidated financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2013. The Audit Committee has also considered whether the amount and nature of non-audit services provided by Stegman & Company is compatible with the auditor s independence.

Members of the Audit Committee

Dudley C. Dworken, Chairman
Leslie M. Alperstein
Robert P. Pincus
Norman R. Pozez
Leland M. Weinstein

Director Compensation

The following table sets forth information regarding compensation paid to non-employee directors of the Company during the year ended December 31, 2013 for service as members of the Company and Bank Boards of Directors. Members of the Board of Directors who are employees do not receive additional cash compensation for service on the Board of Directors.

Name	Fees Earned or Paid in Cash	Stock Awards(1)	Option Awards(2)(3)	All Other Compensation	Total
Leslie M. Alperstein, Ph.D.	$ 43,500	$ 72,624	$	$	$ 116,124
Dudley C. Dworken	$ 88,000	$ 72,624	$	$	$ 160,624
Harvey M. Goodman	$ 39,000	$ 72,624	$	$	$ 111,624
Robert P. Pincus	$ 798,882	$ 64,440	$	$ 40,000(4)	$ 903,322
Norman R. Pozez	$ 37,750	$ 72,624	$	$	$ 110,374
Donald R. Rogers	$ 33,000	$ 72,624	$	$	$ 105,624
Leland M. Weinstein	$ 60,250	$ 72,624	$	$	$ 132,874

(1) Represents the grant date fair value of shares of restricted stock awarded during 2013. At December 31, 2013, the non-employee directors had unvested shares of restricted common stock as follows: Mr. Alperstein 5,632 shares; Mr. Dworken 5,632 shares; Mr. Goodman 5,632 shares; Mr. Pincus 14,190 shares; Mr. Pozez 5,632 shares; Mr. Rogers

Table of Contents

5,632 shares and Mr. Weinstein 5,632 shares.

(2) Represents the grant date fair value of option awards received during 2013. Please refer to note 13 to the Company s Consolidated Financial Statements for the year ended December 31, 2013 for a discussion of the assumptions used in calculating the grant date fair value.

(3) At December 31, 2013, the non-employee directors had outstanding option awards, vested and unvested, to purchase shares of common stock as follows: Mr. Alperstein 817 shares; Mr. Dworken 0 shares; Mr. Goodman 0 shares; Mr. Pincus 102,745 shares; Mr. Pozez 0 shares; Mr. Rogers 817 shares and Mr. Weinstein 817 shares.

(4) Represents a life insurance allowance of $10,000 and $30,000 of payments to defer the cost of health insurance and auto expenses.

During 2013 each non-employee director of the Company, other than Mr. Pincus, received an annual retainer of $10,000 in cash ($15,000 if a member of both the Company and Bank Board of Directors), plus a cash fee of $1,500 for each meeting attended of the Board of Directors of the Company or a committee of the Company Board, and a cash fee of $750 for each meeting attended of the Board of Directors of the Bank or a committee of the Board of the Bank. The chairs of the Audit and Compensation Committees received an additional retainer of $15,000 per year and per meeting fees of $3,000, instead of $1,500. The chair of the Governance and Nominating Committee received an additional retainer of $5,000 per year and per meeting fees of $2,000, instead of $1,500. The per meeting fees payable to chairs of certain Bank level committees ranged from $1,000 to $1,500 in 2013. In 2013, an aggregate of $301,500 in cash retainers and meeting fees were paid to members of the Board of Directors of the Company (other than Mr. Paul and Mr. Pincus) for service on the Board of Directors of the Company and Bank, and $105,750 in cash retainers and meeting fees was paid to members of only the Board of Directors of the Bank for such service. In February 2013, each non-employee director of the Company other than Mr. Pincus was awarded 3,520 shares of restricted stock, Mr. Pincus received an award of 2,750 shares of restricted stock, and each non-employee director serving only on the Bank Board of Directors received an award of 770 shares of restricted stock. All of these awards vest in four annual installments commencing on the first anniversary of the date of grant.

For 2014, director cash compensation was unchanged. In 2014, each non-employee director of the Company other than Mr. Pincus was awarded 2,840 shares of restricted stock. Mr. Pincus received an award of 2,000 shares of restricted stock, and each non-employee director serving only on the Bank Board of Directors received an award of 620 shares of restricted stock. All of these awards vest in three annual installments commencing on the first anniversary of the date of grant.

In connection with the acquisition of Fidelity, Mr. Pincus and the Bank entered into an agreement pursuant to which he serves as Vice Chairman of the Board of Directors of the Company and Bank. Under that agreement, Mr. Pincus receives an annual payment, in lieu of all other cash fees for service on the Board of Directors. During 2013, this payment was $440,000, and he is currently entitled to receive $470,800 for 2014. The amount of the fee is subject to annual increase to reflect, at a minimum, the increase in the consumer price index. Mr. Pincus is also eligible to receive incentive bonuses pursuant to Board approved plans, and $40,000 of reimbursements. The agreement has a term extending until August 31, 2014, subject to automatic renewal for a one year term unless either party gives 60 days notice of nonrenewal. In the event of early termination of the agreement by the Bank without cause, or as a result of Mr. Pincus death or disability, or as a result of nonrenewal by the Bank, Mr. Pincus (or his estate) would be entitled to receive continued payment of retainer compensation and car allowance for one year, subject to his continued compliance with the confidentiality, noncompete and nonsolicitation provisions of the agreement. The agreement provides that during the term and for a period of eighteen months after termination, Mr. Pincus will not in any capacity: (i) render any services to a bank or financial services business, including but not limited to any consumer savings, commercial banking, insurance or trust business, or a savings and loan or mortgage business, or other business in which the Bank has invested significant resources in anticipation of commencing, or to any person or entity that is attempting to form such a business if it operates any office, branch or other facility that is (or is proposed to be) located within a thirty-five mile radius of the location of any branch of the Company or Bank or their affiliates; or (ii) induce or attempt to induce any customers, suppliers, officers, employees, contractors, consultants, agents or representatives of, or any other person that has a business relationship with, the Company or Bank or their affiliates, to discontinue, terminate or reduce the extent of their relationship with such entity or to solicit any such customer for any competitive product or service, or otherwise solicit any customer or employee of the Company, or the Bank.

Under the agreement, in the event that: (i) Mr. Pincus s service is terminated without cause after a change in control; (ii) his title, duties or position are materially reduced within twelve months after a

Table of Contents

change in control, without his consent, such that he would not have materially comparable compensation benefits and responsibilities, and not have his primary worksite moved more than twenty five miles, and such change is not cured within thirty days of notice of termination; or (iii) he voluntarily terminates the agreement within the thirty day period following twelve months after a change in control, Mr. Pincus would be entitled to receive a lump sum payment equal to 2.99 times his highest rate of base compensation in effect within the twelve months prior to termination, subject to adjustment to avoid adverse tax consequences resulting from characterization of such payment for tax purposes as a parachute payment. If Mr. Pincus were entitled to receive the termination benefits as of December 31, 2013, he would receive approximately $1,315,600 (before analysis of the tax computation regarding excess parachute payments). Additionally, unvested options and shares of restricted stock having an inherent value as of such date $730,052 would vest.

The Company does not maintain any non-equity incentive plans or compensation programs, deferred compensation, defined contribution or defined benefit retirement plans, for non-employee directors, or in which such directors may participate.

Executive Officers Who Are Not Directors

Set forth below is certain information regarding persons who are executive officers of the Company or the Bank and who are not directors of the Company. Except as otherwise indicated, the occupation listed has been such person s principal occupation for at least the last five years.

Laurence E. Bensignor, Esquire

Mr. Bensignor, 57, Executive Vice President and General Counsel of the Company and Bank, joined the Company in April 2010 after 29 years in the legal and real estate industries in the Washington, DC area. From February 2009 until joining the Company, he was a principal in CastleGate Partners, LLC, a real estate investment firm. Previously, from 1999 through 2008, Mr. Bensignor served as Trustee of the Van Metre Family Trusts, the controlling owner of a private, multifaceted real estate organization. Previously, he was a partner and chaired the real estate practice group in the Washington, DC office of the national law firm of Arter & Hadden and formerly was a partner in the Washington, DC law firm of Melrod, Redman & Gartlan. Mr. Bensignor is a Fellow of the American College of Real Estate Lawyers.

Michael T. Flynn

Mr. Flynn, 66, has served as Executive Vice President and Chief Operating Officer of the Company since June 2006, previously served as President - District of Columbia Division of the Bank, from June 2006 until August 2008, and was President of the Bank from January 2004 until June 2006. Mr. Flynn has over 40 years of experience in the banking industry in the Washington, DC and Maryland region. Prior to joining EagleBank in January 2004, he was the Washington region executive for Mercantile Bankshares Corporation from April 2003. He previously was the Director of Strategic Planning for Allfirst Financial, Inc., and prior to that held several executive level positions for Bank of America and predecessor companies. He has been involved in community affairs throughout his career, particularly educational groups including the American Institute of Banking and the Corcoran College of Art & Design.

Virginia Navas Heine

Ms. Heine, 54, joined the Bank in November, 2011 as Executive Vice President and Chief Lending Officer - Commercial and Industrial. Ms. Heine has over 31 years of experience in banking in the metropolitan Washington, DC area. Before joining EagleBank, Ms. Heine was Senior Vice President and Senior Lender at TD Bank from September 2010 to October 2011. Previously, she was Senior Vice President and Regional Corporate Banking Manager with BB&T Bank from May 2007 to September 2010, and Senior Vice President and Regional Manager with Mellon Bank (which was subsequently acquired) from 1993-2007. Ms. Heine also has held positions with Maryland National Bank and The Riggs National Bank of Washington, D.C.

Table of Contents

James H. Langmead, CPA

Mr. Langmead, 64, Executive Vice President and Chief Financial Officer of the Company since January 2007, and Executive Vice President and Chief Financial Officer of the Bank since January 2005, previously served as Chief Financial Officer of Sandy Spring Bank and Sandy Spring Bancorp, Inc. Mr. Langmead, a Certified Public Accountant, served in various financial and senior management roles with Sandy Spring Bank from 1992 through 2004. Prior to that time, Mr. Langmead was Chief Financial Officer and managed the Finance Group at the Bank of Baltimore and Baltimore Bancorp. He has over 43 years of experience in the commercial banking industry.

Antonio F. Marquez

Mr. Marquez, 55, Executive Vice President and Chief Lending Officer - Commercial Real Estate, joined the Company in August 2011. Mr. Marquez has over 29 years of experience in the banking industry. Prior to joining EagleBank, he established the real estate lending franchise for HSBC for the Washington, DC market. Earlier he was the head of Commercial Real Estate lending at Chevy Chase Bank from 1997 to 2005 and previously held various lending positions at The Riggs National Bank in Washington, DC after starting his career at the Chase Manhattan Bank in New York.

Thomas D. Murphy

Mr. Murphy, 66, is currently President - Community Banking of the Bank, and previously served as President - Montgomery County Division of the Bank, from June 2006 through September 2009, and as Executive Vice President - Chief Operating Officer of the Bank. He served at Allegiance from September 1994 to 1997, including as Executive Vice President and Chief Operating Officer from December 1995 until November 1997. Prior to his service at Allegiance, he served in the same position at First Montgomery Bank from August 1991 until its acquisition by Sandy Spring National Bank of Maryland in December 1993, and he served as a Vice President of that organization until September 1994. Mr. Murphy has over 38 years of experience in the commercial banking industry. Active in community affairs, he is past president of the Bethesda-Chevy Chase Chamber of Commerce.

Steven A. Reeder

Mr. Reeder, 47, Executive Vice President and Chief Deposit Officer of the Bank since late February 2014, was designated as an executive officer subsequent to the record date for the annual meeting, but before the mailing of this proxy statement. Mr. Reeder brings over two decades of retail banking and management experience. Prior to joining EagleBank, he was the Executive Vice President and Chief Deposit Officer at Virginia Commerce Bank from 2005 until 2014, when it was acquired by United Bankshares Corporation. Previously, he served as Senior Vice President at BB&T in Northern Virginia (after its acquisition of First Virginia Bank), where he had a combined 15 years of service.

Susan G. Riel

Ms. Riel, 64, is currently Senior Executive Vice President - Chief Operating Officer of the Bank, and Executive Vice President of the Company. She was formerly Executive Vice President - Chief Operating Officer of the Bank and Chief Administrative Officer, and previously served as Executive Vice President - Chief Operating Officer of Columbia First Bank, FSB from 1989 until that institution s acquisition by First Union Bancorp in 1995. Ms. Riel has over 34 years of experience in the commercial banking industry. Ms. Riel has been with the Company since its inception in 1997.

Janice L. Williams, Esquire

Ms. Williams, 57, Executive Vice President and Chief Credit Officer of the Bank, has served with the Bank as Credit Officer, Senior Credit Officer, and Chief Credit Officer since 2003. Prior to employment with the Bank, Ms. Williams served with Capital Bank, Sequoia Bank, and American Security Bank. Additionally, Ms. Williams, a graduate of Georgetown University Law Center and a Member of the Maryland Bar, was previously employed in the private practice of law in Maryland.

Table of Contents

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides information about the 2013 compensation for our Chief Executive Officer, Chief Financial Officer and our next three most highly-compensated executive officers who were serving as an executive officer at the end of 2013, who were:

- Ronald D. Paul, our President and Chief Executive Officer;
- James H. Langmead, our Executive Vice President and Chief Financial Officer;
- Antonio F. Marquez, our Executive Vice President, Chief Lending Officer Commercial Real Estate;
- Susan G. Riel, our Senior Executive Vice President and Chief Operating Officer; and
- Janice L. Williams, our Senior Executive Vice President and Chief Credit Officer.

Compensation information for these individuals, who we refer to collectively as our named executive officers, is presented in the compensation tables following this Compensation Discussion and Analysis.

This Compensation Discussion and Analysis describes our executive compensation program for 2013. It also describes how the Compensation Committee of our Board of Directors (the Compensation Committee) arrived at the specific compensation decisions for our named executive officers, and discusses key factors that the Compensation Committee considered in determining their compensation.

Executive Summary - Our Business

The Company, headquartered in Bethesda, Maryland, was incorporated under the laws of the State of Maryland on October 28, 1997, to serve as the bank holding company for EagleBank (the Bank). The Company was formed by a group of local businessmen and professionals with significant prior experience in community banking in the Company s market area, together with an experienced community bank senior management team.

The Bank, a Maryland chartered commercial bank, which is a member of the Federal Reserve System, is the Company s principal operating subsidiary. It commenced banking operations on July 20, 1998. As of December 31, 2013, the Bank operated eighteen banking offices: seven in Montgomery County, Maryland located in Rockville (three), Bethesda, Silver Spring, Potomac and Chevy Chase; five located in the District of Columbia; and six in Northern Virginia located in Tysons Corner, Ballston, Rosslyn, Reston, Merrifield and Old Town Alexandria.

The Bank operates as a community bank alternative to the super-regional financial institutions which dominate its primary market area. The cornerstone of the Bank s philosophy is to provide superior, personalized service to its clients. The Bank focuses on relationship banking, providing each client with a number of services, familiarizing itself with, and addressing itself to, client needs in a proactive, personalized fashion. Management believes that the Bank s target market segments, small to medium-sized for profit and non-profit businesses and the consumer base working or living in and near of the Bank s market area, demand the convenience and personal service that a smaller, independent financial institution such as the Bank can offer. It is these themes of convenience and proactive personal service that form the basis for the Bank s business development strategies.

Based on June 30, 3013 deposit market share, EagleBank held the highest rank among Washington area community banks and was the only locally based community bank in the top 10 as reported by the FDIC.

Table of Contents

Record Setting Performance

2013 Financial Results and Operating Highlights

	Period Ending					
Index	**12/31/08**	**12/31/09**	**12/31/10**	**12/31/11**	**12/31/12**	**12/31/13**
Eagle Bancorp, Inc.	100.00	182.09	250.96	252.87	347.30	585.97
NASDAQ Stock Market Index- (U.S. Companies)	100.00	145.36	171.74	170.38	200.63	281.22
NASDAQ Bank Index	100.00	83.70	95.55	85.52	101.50	143.84
S&P 500	100.00	126.46	145.51	148.59	172.37	228.19

During 2013, we experienced increases in our key financial and operational metrics, resulting in record financial results:

- Net Income was $47.0 million, a 33% increase over 2012;
- Assets increased to $3.77 billion, compared to $3.41 billion at December 31, 2012, an 11% increase;

Table of Contents

- Total loans (excluding loans held for sale) were $2.95 billion at December 31, 2013 compared to $2.49 billion at December 31, 2012, an 18% increase.
- Total deposits were $3.23 billion at December 31, 2013, compared to $2.90 billion at December 31, 2012, an 11% increase;
- The investment portfolio totaled $378.1 million at December 31, 2013, a 26% increase from the $299.8 million balance at December 31, 2012; and
- The Company s capital position remains substantially in excess of regulatory requirements for well capitalized status:

- Total Risk Based Capital ratio of 13.01% at December 31, 2013, as compared to 12.20% at December 31, 2012.
- Tier 1 Risk Based Capital of 11.53% at December 31, 2013, as compared to 10.80% at December 31, 2012.
- A Leverage Ratio of 10.93% at December 31, 2013 as compared to 10.44% at December 31, 2012.
- Tangible Common Equity of 8.86% at December 31, 2013, an increase from 8.50% at December 31, 2012.

This performance continues the Company s historical trend of ongoing improved performance, with increased earnings in each quarter since the fourth quarter of 2008. In addition, the Company has achieved strong five-year compound annual growth rates (CAGR) in several key areas, including:

- **5-Year CAGR of Tangible Book Value/Common Share: 12%**
- **5-Year CAGR of Earnings per Common Share: 28%**
- **5-Year CAGR of Deposits: 23%**

- **5-Year CAGR of Loans: 18%**

Table of Contents

Compensation Components

2013 Executive Pay-for-Performance

2013 was an outstanding performance year for the Company, as we exceeded our financial objectives on many fronts. As in prior years, our 2013 executive compensation awards reflected both financial and operational results that our Board of Directors determined critical to our long-term strategic objectives. The connection between our performance results and named executive officer compensation awards continues to be at the forefront of decision-making. The Compensation Committee also takes into account risk management practices within the organization, including results of federal and state regulatory examinations and internal controls matters that may arise from internal and independent audits throughout the year.

The key components of our 2013 executive compensation program for all named executive officers consist of a base salary, a performance-based cash incentive plan [the Senior Executive Incentive Plan (the SEIP)], an equity based compensation plan (the 2006 Stock Plan), a 401(k) Plan and a nonqualified supplemental executive retirement benefit program for all named executive officers except Mr. Paul (implemented in the second quarter of 2013). In lieu of a supplemental retirement benefit plan for Mr. Paul, the Board of Directors determined that a one-time grant of restricted equity in 2013 was beneficial to the Company as a retirement benefit that aligned with shareholder interests, as further described below. In addition, the restricted equity has a four-year vesting period, with no immediate vesting and then twenty-five (25%) percent vesting at the end of each year.

Based on peer reviews and the results of market survey data prepared by Meyer-Chatfield Compensation Advisors (MCCA), the Company s outside compensation consultant, the Compensation Committee took the following actions with respect to the 2013 compensation of the named executive officers:

- ***<u>Base Salaries</u>***

The Board of Directors believes that base salaries for named executive officers should be targeted at market competitive levels. Base salaries are reviewed annually and adjusted based on our review of market data and assessment of Company and individual executive performance. In 2013, our named executive officers received base salary increases of 4% to 10% over 2012 base salary levels.

- ***<u>Senior Executive Incentive Plan</u>***

The SEIP was established to reward our executives for achieving or exceeding predefined performance goals. In 2013, all named executive officers participated in the SEIP. Under the plan, an executive is eligible to earn a percentage of his or her base salary based on achievement of Company and individual performance objectives. With respect to 2013 performance, executives could earn an incentive payment of 25% to 50% of their base salary at target performance levels. For 2013, a participant could receive a pay out of incentive awards above target, if performance results were beyond performance expectations (referred to as target plus). Performance must be at least 15% above budgeted goals to achieve target plus payouts. Payments for performance in excess of target are not capped, but increase in proportion to the level of performance achieved. Reflecting our above-target performance for the year, the named executive officers received bonus payments that were 64% to 262% of their target bonus opportunities.

We believe our use of annual performance metrics versus longer term metrics is appropriate, in that current economic conditions and unforeseeable changes in business can so significantly impact (for better or for worse) the results of operations, that it would be inordinately difficult to establish appropriate multi-year targets. In addition, use of multi-year targets, or targets based on market performance of our stock, could negatively impact participants who perform admirably but not receive market recognition for it. Significantly, we have incorporated a longer term element in our plan by adopting a vesting period that creates not only a golden handcuff, but provides an impetus for achieving continued performance.

Table of Contents

For 2013, the target goals, the Company s actual performance and the weighting of each goal for purposes of determining the amount of the award to each named executive officer were as set forth in the table below.

	Mr. Paul	**Mr. Langmead**	**Mr. Marquez**	**Ms. Riel**	**Ms. Williams**	**Actual Performance**
Net Operating Income (available to common shareholders	35%	25%	7.5%	15%	10%	Exceeded Target-Plus
Nonperforming assets			10%		25%	Exceeded Target-Plus
Strategic Alignment	25%	15%	10%	25%	10%	N/A
Total Loan Growth (Average Balance - CRE)			20%			Below Threshold
Average Core Deposit Growth (CRE Team)			25%			Exceeded Target-Plus
Efficiency Ratio		20%		20%	10%	Exceeded Target
Expenses (Salaries, Benefits, Other Expenses)		20%		15%		Exceeded Target
Net Interest Margin			15%		10%	Exceeded Target
Charge Offs					20%	Exceeded Target-Plus
Dept/Individual Performance	40%	20%	12.5%	25%	15%	N/A

The target level for the efficiency ratio was 50.2%; for net interest margin the target level was 4.1%; the target level for net operating income (available to common shareholders) was $42.9 million. The target level for salary, benefit and other expenses was $59.3 million. The target levels for loan related, nonperforming asset related, deposit growth related and expense related metrics are not disclosed in order to prevent competitive harm to the Company.

- ***Equity Compensation***

We believe equity ownership aligns our executives with our shareholders, promotes a long-term focus on the performance and success of the Company and is consistent with our compensation philosophy. In addition, through the use of extended vesting, equity supports our retention goals and builds future wealth for our executives only where our stock continues to perform. In 2013, we granted equity in the form of restricted stock to our named executives. The equity grants approved in February 2013 were based on Company-wide and individual performance in 2012, as well as direct compensation values in accordance with our market analysis. Awards made in February 2014, reflected the 2013 Stock Awards column of the Summary Compensation Table, relate to 2013 performance and compensation.

- To determine the amount of the equity award to a particular executive, that executive s performance is considered along with projected payouts they earned under our SEIP. We then determine the optimal level of direct compensation (base salary plus cash incentives plus equity) that we believe each executive should receive (for example a high performing executive that achieved target-plus performance levels on all of their goals as well as the Company-wide goals, should place in the 75th to 90th market percentile with regards to total direct compensation (assuming we deem our overall performance relative to our peers to be in the same range of percentile in a given year). Using this methodology, the equity awards granted to named executive officers in 2014 in respect of 2013 performance, shown in the Summary Compensation Table, ranged from 36% to 52% of an executive s base salary.

- Equity awards for 2013 performance vest ratably over three years commencing on the first anniversary of the date of grant. This helps to ensure that executives maintain a long-term focus on maintaining and improving Company-wide performance. We believe this feature of the plan enhances shareholder value for the long term.

Table of Contents

- ***Supplemental Executive Retirement Plan***

During 2013, the Company took steps to retain certain executives that were critical to the success of the organization. The Compensation Committee believed that the most efficient tool to achieve this objective was a long-term plan with long-term company performance implications. Because of the nature of a supplemental retirement benefit, with benefits payable well into retirement years, executives must maintain a focus on a long-term Company performance. In this regard, the Company adopted a Supplemental Executive Retirement Plan (SERP) with a unique design that provides for a lifetime retirement benefit at approximately 86% of the cost of similar plans for comparably situated executives. The target retirement age for the benefit is age 67.

The SERP Agreements are unfunded arrangements maintained primarily to provide supplemental retirement benefits to comply with Section 409A of the Internal Revenue Code. The Company has elected to finance the retirement benefits by purchasing annuities that have been designed to provide a future source of funds for the lifetime retirement benefits of the SERP Agreements. The primary impetus for utilizing annuities is a substantial savings in compensation expense for the Company as opposed to a traditional SERP.

The targeted retirement benefits (as a percent of final projected base salaries) are slightly below market competitive ranges, as determined by ChaseCompGroup and Meyer-Chatfield, Inc., our SERP advisor. This decision was made, in part, based on the fact that several executives that helped to build the Company are nearing retirement age. This gives the Bank less time to accrue for the benefit, which impacts the initial costs of the program. However, base salaries for several of our executives are above the market 75th percentile at this time; our advisors believe that the approved percentages will, in fact, provide competitive retirement income during the executives retirement.

The Company considers this plan as accomplishing its objective of retention of executives critical to its success and long-term performance, and to the protection of shareholder value for the following reasons:

- Retention is enhanced in that executives must continue employment to retirement to receive the full benefit.

- Long-term performance is required in order for the Bank to provide payments under the SERP, with payments beginning at retirement and continuing for the life of the executive. The Bank is the payor, beginning at retirement, and must be in sound financial condition for the remainder of payments for the executive s life, thus ensuring sound succession planning. The SERP is not pre-funded.

- Additionally, shareholders are protected from excessive risk taking in that the retirement benefit is contingent on the bank s continued financial strength and stability. The Bank believes this inherent factor in the design of the plan promotes careful, long-term performance and mitigates risky strategies to artificially inflate shareholder price over the short term.

Mr. Paul is not a party to the SERP that was implemented for the other executive officers. The Compensation Committee determined that a one-time grant of equity was reasonable and appropriate to provide a retirement benefit in lieu of the SERP. This one-time grant was designed to provide an estimated retirement benefit having a value consistent with retirement plans provided to the chief executive officers of peer banks.

As such, this one-time grant has long-term performance implications. In order to meet the targeted value of an equivalent benefit under a traditional supplemental retirement plan, the Company s share price must appreciate 5% annually over the next ten years and maintain that price for the following twenty years. The Board of Directors believes that this arrangement was appropriate in that it promotes long-term decision-making in the interest of the shareholders as opposed to short-term decision-making that may be in the interest of the executive. In addition, Mr. Paul s role as a primary driver of our business, and his resulting performance, has caused the Company to successfully rank ahead of its peers in a number of key Company performance measurements. Based on this approach, the Board of Directors is satisfied with Mr. Paul s alignment of compensation and performance.

For comparative purposes, the value of the CEO equity grant should be viewed over the remaining term of Mr. Paul s service ten years until age 67. On that basis, the rank of his compensation as compared to that of chief executive officers of the Company s peers would be as follows:

Table of Contents

Name and Principal Position	Year		Salary		Bonus		Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation		All Other Compensation		Total
Ronald D. Paul, President and CEO	2013	$	733,700	$	600,000	$	383,837		800,141	$	620,790	$	3,138,468
Percentile Rank with Peers			95th		86th		64th				79th		95th

This is consistent with a pay-for-performance approach to compensation as validated by the Company s performance, as shown below:

Eagle Bancorp, Inc.	ROAA	Net Income 5-Year CAGR	Operating Revenue 5-Year CAGR	1-Year Total Return	3-Year Total Return	5-Year Total Return
Percentile Rank with Peers	97th	95th	95th	96th	Highest	Highest

- ***Retirement Benefit***

Our 401(k) plan allows all officers and employees of the Company working 1,000 hours or more in a calendar year to defer a portion of their compensation, and provides a match of up to 3% of their base salaries, subject to certain IRS limitations. While the decision to match employee contributions is discretionary, all employees receive the same percentage match. During 2013, the Company made the maximum matching contributions.

- ***Health and Welfare Benefits***

We provide health benefits to our executive officers, including the named executive officers, generally on the same basis as all of our full-time employees. These benefits include medical and dental benefits, short-term and long-term disability insurance, as well as basic life insurance coverage and long term care insurance coverage. We design our employee benefits programs to be affordable and competitive in relation to the market, as well as compliant with applicable laws and practices. We adjust our employee benefits programs as needed based upon regular monitoring of applicable laws and practices and the competitive market.

The Compensation Committee believes our current executive compensation policies and practices are effective in advancing our long-term strategic plan, reasonable in relation to our compensation peer group and responsible in encouraging the named executive officers to work for meaningful shareholder returns without taking unnecessary or excessive risks.

- ***Employment and Severance Arrangements***

Each of our named executive officers has an employment agreement which contains provision for payments upon a change in control of the Company and provides for noncompetition and non-solicitation provisions benefiting the Company under certain circumstances. These agreements are described in detail under Employment Agreements following the Summary Compensation Table The Committee believes that the agreements provide continuity of executive management and employment security, which is conducive to maximum employee effort and valuable protections for the Company and its executive officers.

CEO Pay-for-Performance

We operate in a highly-dynamic business environment, which has been and continues to be characterized by rapidly changing market and customer trends, regulatory changes and requirements, as well as expectations from shareholders for meaningful growth without excessive risk taking. To succeed in this environment, our senior leadership must be able to continually refine and enhance products and services; respond to competitive challenges in our markets; attract, satisfy and retain customers; and demonstrate an ability to quickly identify and capitalize on business opportunities.

Our steady and consistent growth over the years, as well as our success in developing a leading

Table of Contents

market position relative to our peers and competitors, has largely been the result of the exceptional leadership of Mr. Paul, and the team he has assembled, whose focus, creativity and ability to motivate our workforce has enabled us sustained year over year growth and improvement in profitability. As a result, we have sought to structure the compensation opportunities for Mr. Paul to achieve two principal objectives: to motivate and reward the achievement of our annual and longer term financial and strategic objectives and to ensure that he remains with the Company to guide our business into the future.

At the same time, we seek to align his compensation opportunities with our shareholders long-term interests. Accordingly, in recent years, the Compensation Committee has focused on using incentive compensation with long-term company performance implications as the dominant element of his target total direct compensation opportunity (that is, the sum of base salary, target annual cash bonus opportunity and the grant date fair value of equity awards) to emphasize the importance of our ongoing financial performance and to further reward him, through his participation in increased market valuation of our common stock, when that performance is sustained over a multi-year basis, providing our shareholders a corresponding benefit and to ensure his retention consistent with our long-term executive retention objectives.

Over time, the Company s exceptional performance has correlated with an increase in the target total direct compensation opportunity of Mr. Paul, which has been largely comprised of long-term incentive compensation in the form of an annual equity award. Consistent with our business strategy, which seeks to position the Company as a community bank alternative to the super-regional financial institutions the value of these equity awards rise and fall over the long-term, much like our stock performance. Accordingly, as the vast majority of Mr. Paul s target total direct compensation opportunity is contingent on our long-term performance, he experiences the same variability in the total amount of compensation he actually realizes as our shareholders experience in the value of their shareholdings.

In the case of his Restricted Stock awards granted in 2013 in lieu of a SERP (per Mr. Paul s request to be excluded from the SERP), the Compensation Committee determined that it was reasonable and appropriate to offer him the opportunity to earn shares of our common stock over a four-year time-based vesting period to ensure his continuing loyalty to and employment with us. While the Compensation Committee recognized that this award constituted a major portion of his 2013 compensation, it believed that such an award was appropriate for the following reasons:

- His role as the primary driver of our business, resulting in the Company s market-leading position relative to peers and his recognized status as a leader and visionary in the financial services market sector.

- Our success has made our CEO an attractive candidate for employment with larger companies and companies preparing to go public. We believe that it is critical to our continued success to offer him a compensation package that will forestall the lure of employment opportunities with other companies in our industry.

- The cost to us of having to replace Mr. Paul at this point in our development, and in light of the potential impact of his departure. The Compensation Committee believed that this replacement cost would far exceed the potential cost of his target total direct compensation opportunity because of what we would likely have to pay to find a suitable replacement, the potential disruption to our current plans and initiatives, and the message that this development would send to our shareholders, employees and customers.

Based on this design, the Compensation Committee is satisfied with the alignment of Mr. Paul s total direct compensation with our performance. Over time, as the size, complexity and performance of the Company has grown, the Compensation Committee has increased the pay for Mr. Paul to reflect his enhanced role and performance. We believe that, given our current long-term business objectives, the most relevant measure for assessing pay-for-performance alignment is a comparison of Mr. Paul s total direct compensation with the key financial measures that our Board of Directors uses to evaluate our ability to position our business for continued growth and long-term market success.

Table of Contents

Executive Compensation Policies and Practices

In discharging its responsibilities relating to executive compensation, the Compensation Committee monitors trends and developments in compensation best practices and looks to enhance the effectiveness of our executive compensation program on an ongoing basis. As a result, our executive compensation program reflects the following policies and practices:

- ***Compensation Committee and Advisor Independence***

The Compensation Committee is composed solely of independent directors, under its own authority, and has engaged its own independent advisors, including a compensation consultant and legal counsel.

- ***Advisory Vote on Executive Compensation***

We conduct an annual shareholder advisory vote on the compensation of the named executive officers, and our Board of Directors and the Compensation Committee carefully consider the outcome of these advisory votes when making compensation decisions.

- ***Compensation Recovery Policy***

We maintain a compensation recovery (clawback) policy that gives the Company the right to recover any incentive payments that were made based on material misstatements or inaccurate performance metrics.

- ***Compensation-Related Risk Assessment***

We conduct an annual evaluation of our compensation programs, policies and practices to ensure that they reflect an appropriate level of risk-taking but do not encourage our employees to take excessive or unnecessary risks that could have an adverse impact on the Company.

- ***Change in Control Arrangements***

The post-employment compensation arrangements for the named executive officers provide for the receipt of payments and benefits only in the event of (i) involuntary termination of employment or material reduction in the named executive officer s title, duties and/or position following a change in control of the Company or (ii) a voluntary termination at the expiration of a twelve-month period following consummation of a Change in Control.

- ***Executive Perquisites***

We do not provide any significant perquisites or other personal benefits to our executive officers; our executive officers participate in our health and welfare benefit programs on the same basis as all of our employees.

- ***No Tax Gross-Ups or Payments***

We do not provide any gross-ups or tax payments in connection with any cash or equity compensation element or any excise tax gross-up or tax reimbursement in connection with any change in control payments or benefits.

2013 Advisory Vote on Executive Compensation

At our 2013 Annual Meeting of Shareholders, we conducted a non-binding advisory vote of our shareholders (Say-on-Pay vote) to approve the compensation of the Named Executive Officers. At that meeting, 62.6 % of the votes cast were voted in approval of the compensation of the Named Executive Officers. These results represented a decrease in the proportion of votes cast in favor of our executive compensation program as compared with our 2012 Say-on-Pay vote.

Following the 2013 Annual Meeting of Shareholders, we actively engaged with many of our large institutional shareholders to discuss our executive compensation program, the 2013 Say-on-Pay vote and identify shareholder concerns and potential areas for modifying our executive compensation program. The purpose of these discussions was so that we can maintain alignment of our programs with shareholder objectives and to be responsive to the views that shareholders expressed in the 2013 shareholder advisory vote on executive compensation. Since the 2013 Say-on-Pay vote occurred after the annual executive compensation review in February of 2013, changes or enhancements to our executive compensation programs will be reflected in 2014.

The discussions concerning our executive compensation programs and philosophy were generally

Table of Contents

favorable. We received feedback on our consideration of Company and executive performance as compared to peers, the relative alignment of compensation with Company performance over multi-year periods and the long term impact of extended vesting periods for equity awards.

The Compensation Committee was briefed on and considered this feedback, as well as the results of the 2013 non-binding Say-on-Pay vote in reviewing our executive compensation practices. While the Compensation Committee believes that our executive compensation program is effectively designed and aligned with the interests of our shareholders, it has made the following changes in the executive compensation program:

- ***Selection of a new Compensation Consultant***

Based on several factors the Committee retained Meyer-Chatfield Compensation Advisors as its compensation consultant. The consultant worked with the Committee on the design of the Company s 2014 executive compensation program and review of awards made under the 2013 program;

- ***Compensation Peer Group Changes***

The Committee directed the new compensation consultant to reevaluate our compensation peer group, and as a result revised the peer group for purposes of reviewing the compensation of our executive officers for 2013 and 2014.

The Company is committed to continuing its engagement with our shareholders on executive compensation matters to understand their views concerning our executive compensation philosophy, policies and practices.

Consistent with the recommendation of our Board of Directors and the preference of our shareholders, as reflected in the advisory vote on the frequency of Say-on-Pay votes conducted at our 2012 Annual Meeting of Shareholders, our Board of Directors believes it is appropriate to conduct annual shareholder non-binding advisory votes regarding our executive compensation programs.

Our Corporate Values and Compensation Philosophy

Our Vision

To remain the leading community bank in the metropolitan Washington, D.C. area.

Our Mission

EagleBank is committed to providing quality financial services and successful solutions that consistently achieve a high degree of customer satisfaction. We will differentiate our company from other institutions by developing long-term client relationships, providing superior customer service, creating stockholder value, supporting and enhancing our community, and encouraging the growth and well-being of our employees. We are dedicated to growing our position as the leading community bank for business of all sizes in our market, through the respect and recognition we have earned for our banking knowledge, lending expertise, local decision-making, relationship continuity, business ethics and corporate citizenship.

Our Compensation Philosophy

Our compensation philosophy provides the guiding principles for structuring compensation programs that embody these values. The policies and underlying philosophy governing the Company s executive compensation plan, as endorsed by the Compensation Committee and the Board of Directors, are designed to accomplish the following:

- Maintain a compensation program that is equitable in a competitive marketplace.
- Provide opportunities that integrate pay with the Company s annual and long-term performance goals.
- Encourage achievement of strategic objectives and creation of shareholder value.
- Recognize and reward individual initiative and achievements.
- Maintain an appropriate balance between base salary and short- and long-term incentive opportunity.
- Allow the Company to compete for, retain, and motivate talented executives critical to its success.

Table of Contents

The Compensation Committee seeks to target executive compensation at or above market commensurate with our performance. Our goal is to provide meaningful incentives through pay for performance programs that pay at the 75th percentile or higher when performance expectations are exceeded. The executive officers compensation is weighted toward programs contingent upon the Company s level of annual and long-term performance. In general, for executive management positions of the Company (including the named executive officers) and its subsidiaries, the Company will pay base salaries, on average, at the 50th percentile or higher when performance warrants, of other banks and/or companies with similar asset size, complexity and with similar products and markets. Goals for specific components include:

- Base salaries for executives generally are targeted at the 50th percentile or higher.
- The SEIP targets cash compensation between the 75th and 100th percentile based on achieving and exceeding annual goals.
- Performance based discretionary equity compensation with long term components are awarded when target goals are met will provide equity compensation when target goals are met with the potential for higher awards when long-term goals are exceeded. No equity awards will be made if long-term performance goals are not met.
- Retain the services of one or more nationally recognized consulting firms to assist the Compensation Committee in performing its various duties. Those firm(s) advise the Compensation Committee on compensation programs for the named executive officers.

Executive Compensation Design

Consistent with our compensation philosophy, the target total direct compensation opportunities of Mr. Paul and other executive officers, including each of the other named executive officers, reflect a higher percentage of at-risk compensation relative to other employees. This performance-based structure creates opportunities for higher compensation with strong corporate and individual performance and lower compensation at lower performance levels. The Compensation Committee believes that the more senior an executive officer, the more his or her compensation should be at-risk. We believe that this approach is appropriate because our executive officers have the greatest influence on our performance, with Mr. Paul having the greatest influence.

Executive Compensation Process

The Role of the Compensation Committee

The Compensation Committee, among its other responsibilities, establishes our overall compensation philosophy and reviews and approves our executive compensation program, including the specific compensation of our executive officers, including the named executive officers. The Compensation Committee has the authority to retain special counsel and other advisors, including compensation consultants, to assist in carrying out its responsibilities to determine the compensation of our executive officers.

While the Compensation Committee determines our overall compensation philosophy and approves the compensation of our executive officers, it relies on its compensation consultant and special legal counsel, as well as Mr. Paul, our Chief Financial Officer and Human Resources to formulate recommendations with respect to specific compensation actions. The Compensation Committee makes all final decisions regarding compensation, including base salary levels, target bonus opportunities, actual bonus payments and equity awards. The Compensation Committee meets on a regularly-scheduled basis and at other times as needed.

At least annually, the Compensation Committee conducts a review of our executive compensation program to assess whether our compensation elements, actions and decisions (i) are aligned with our vision, mission, values, corporate goals and compensation philosophy, (ii) provide appropriate short-term and long-term incentives for our executive officers and (iii) are competitive with the compensation of the executive in comparable positions at the companies with which we compete for executive talent.

As part of this process, the Compensation Committee takes into consideration the recommendations of Mr. Paul and a competitive market analysis prepared by its compensation

Table of Contents

consultant. In the course of its deliberations, the Compensation Committee also considers competitive positioning, internal equity and our corporate and individual achievements against one or more short-term and long-term performance objectives. The Compensation Committee does not weight goals in any predetermined manner, nor does it apply any formulas in making these decisions. The Compensation Committee considers all of this information in light of their individual experience, knowledge of the Company, knowledge of the peer companies, knowledge of each named executive officer and business judgment in making decisions regarding executive compensation and our executive compensation program.

As part of this process, the Compensation Committee also evaluates the performance of Mr. Paul each year and makes all decisions regarding his base salary adjustments, bonus payments and equity awards. Mr. Paul is not present during any of the deliberations regarding his compensation.

The Role of Consultants

The Compensation Committee engaged in the fourth quarter of 2013 the services of MCCA as its independent advisor on matters of executive and board compensation (the Engagement). MCCA reports directly to the Committee and provides no other remunerated services to the Company or any of its affiliates. The Company has affirmatively determined that no conflicts of interest exist between the Company and MCCA or any individuals working on the Company s account on MCCA s behalf. In reaching such determination, the Company considered the following enumerated factors, all of which were attested to or affirmed by MCCA:

- During 2013, MCCA provided no services to and received no fees from the Company other than in connection with the Engagement;
- The amount of fees paid or payable by the Company to MCCA in respect of the Engagement was $6,000 for the fourth quarter of 2013 (toward an annual fee of $24,000);
- MCCA has adopted and put in place adequate policies and procedures designed to prevent conflicts of interest, which policies and procedures were provided to the Company;
- There are no business or personal relationships between MCCA and any member of the Compensation Committee other than in respect of (i) the Engagement, or (ii) work performed by MCCA for any other company, board of directors or compensation committee for whom such Committee member also serves as an independent director;
- No employees of MCCA owns any stock of the Company; and
- There is no business or personal relationships between MCCA and any executive officer of the Company other than in respect of the Engagement.

The Role of Management

Input from Mr. Paul is considered by the Compensation Committee regarding the criteria to be used to determine base salary, bonuses and other benefits for named executive officers other than Mr. Paul. Although input from Mr. Paul is considered by the Compensation Committee, the

Compensation Committee exercises final authority on compensation matters for all named executive officers. Mr. Paul is not present at meetings during which his own compensation is discussed and deliberated.

Competitive Positioning

In making compensation decisions, the Compensation Committee considers the competitive market for executive talent, as well as the compensation policies and practices of the companies with which we compete for talent, which include both publicly-traded and privately-held companies in a wide range of sizes and stages of development. For this purpose, the Compensation Committee uses a number of resources, including executive compensation data compiled by its compensation consultant from publicly-available sources and from various national compensation surveys.

The peer group is a select group of twenty-two public banks between $2.7 billion and $6.4 billion in assets. The peer group was selected based on assets, performance and regional similarities. In applying the methodology, we started with seventy-five public banks between $2.7 billion and $7 billion in assets. We then narrowed the list further using asset size, full-time employees, number of offices, performance and geographic location. Following a review of the group of peer companies that it uses as a reference for

Table of Contents

evaluating the competitive market for executive talent, based on the analysis prepared by and recommendations of its compensation consultant, the Compensation Committee approved the following peer group, consisting of 22 financial institutions, for use in connection with its annual compensation review in 2013. The selected companies range in assets from $2.70 billion to $6.47 billion. The list was further refined based on performance and regional similarities.

Eagle Bancorp Peer Group

	Bank	Ticker	Total Cash	State	ROAE (%) 2013 Q3	ROAA (%) 2013 Q3	Net Interest Margin (%) 2013 Q3	Efficiency Ratio (%) 2013 Q3	NPAs/ Assets (%) 2013 Q3	Core EPS Growth (%) 2013 Q3	Net Charge-offs/Avg Loans (%) 2013 Q3	Market Cap% Change 2012Q3/ 2013Q3
1	Bancorp, Inc.	TBBK	Wilmington	DE	5.56	0.48	2.53	62.85	1.72	18.42	1.78	95.72%
2	BNC Bancorp	BNCN	High Point	NC	7.87	0.68	4.24	60.76	2.17	173.79	0.91	99.36%
3	Boston Private Financial Holdings, Inc.	BPFH	Boston	MA	12.49	1.24	3.03	68.39	1.27	NA	-0.19	16.95%
4	Brookline Bancorp, Inc.	BRKL	Boston	MA	6.43	0.76	3.59	60.28	0.55	-20.05	0.06	6.90%
5	Cardinal Financial Corporation	CFNL	McLean	VA	3.73	0.43	3.65	80.72	NA	-77.62	-0.05	19.58%
6	Century Bancorp, Inc.	CNBA	Medford	MA	13.33	0.65	2.23	63.71	NA	-8.87	0.00	4.57%
7	Customers Bancorp, Inc.	CUBI	Wyomissing	PA	8.63	0.91	3.14	56.21	NA	11.85	0.28	NA
8	Dime Community Bancshares, Inc.	DCOM	Brooklyn	NY	10.19	1.07	3.35	46.27	1.07	-11.76	0.02	18.38%
9	Enterprise Financial Services Corp.	EFSC	Clayton	MO	12.80	1.10	4.75	55.00	1.11	12.66	0.11	33.35%
10	Flushing Financial Corporation	FFIC	Lake Success	NY	8.95	0.82	3.38	47.78	1.74	9.73	0.60	13.71%
11	Hudson Valley Holding Corp.	HVB	Yonkers	NY	3.36	0.33	3.00	78.97	1.76	5.66	0.22	11.63%
12	Independent Bank Corp.	INDB	Rockland	MA	10.61	1.01	3.44	63.43	1.44	9.67	0.18	25.72%
13	Lakeland Financial Corporation	LKFN	Warsaw	IN	12.60	1.30	3.32	52.49	1.51	-0.33	0.14	19.03%
14	Northfield Bancorp, Inc.	NFBK	Woodbridge	NJ	2.85	0.76	3.10	61.24	1.71	27.09	0.15	9.17%
15	Oritani Financial Corp.	ORIT	Township of Washington	NJ	7.92	1.47	3.67	36.88	0.98	9.09	0.00	10.45%
16	Sandy Spring Bancorp, Inc.	SASR	Olney	MD	9.99	1.20	3.89	55.52	0.98	9.60	0.11	21.16%
17	Sterling Bancorp*	STL	Montebello	NY	4.45	0.55	3.26	65.39	NA	11.33	0.37	NA
18	Tompkins Financial Corporation	TMP	Ithaca	NY	12.96	1.15	3.66	63.52	0.98	-2.81	0.14	16.72%
19	Virginia Commerce Bancorp, Inc.	VCBI	Arlington	VA	10.81	1.00	3.91	48.78	2.19	29.89	0.41	87.46%
20	Washington Trust Bancorp, Inc.	WASH	Westerly	RI	12.82	1.29	3.32	61.18	1.50	13.92	0.10	21.24%
21	WSFS Financial Corporation	WSFS	Wilmington	DE	14.67	1.29	3.57	62.65	1.27	53.21	0.28	47.80%
	25th Percentile				6.43	0.68	3.14	63.52	1.72	-0.95	0.28	29.53%
	50th Percentile				9.99	1.00	3.38	61.18	1.44	9.70	0.14	19.03%
	75th Percentile				12.60	1.20	3.66	55.00	1.07	15.05	0.06	12.67%
	90th Percentile				12.96	1.29	3.91	47.78	0.98	32.22	0.00	8.72%
	Eagle Bancorp, Inc.	**EGBN**	**Bethesda**	**MD**	**12.47**	**1.36**	**4.34**	**51.46**	**1.39**	**9.50**	**0.19**	**98.06%**
	Eagle Bancorp, Inc. Percent Rank				70TH	97TH	96th	81st	52nd	41st	39th	98th

*Provident New York Bancorp merged with Sterling Bancorp effective October 31, 2013.

Source: Meyer-Chatfield Compensation Advisors, Inc.

Table of Contents

Other Compensation Policies

Timing and Pricing of Equity Awards

Equity compensation awards for named executive officers and employees are generally approved in the first quarter of each year. Awards may be made periodically for new hires during the year. Awards are based on a number of criteria including the Company s performance, the relative rank of the employee within the Company and his or her specific contributions to the success of the Company.

The grant date is established when the Compensation Committee approves the grant. We set the exercise price for our stock options as the average of the high and low stock price on the grant date. Our equity award process is independent of any consideration of the timing of the release of material nonpublic information, including with respect to the determination of grant dates or stock option exercise prices. Similarly, we expect that the release of material nonpublic information will not be timed with the purpose or intent to affect the value of executive compensation.

Risk Analysis of Incentive Compensation Programs

In setting compensation, the Compensation Committee of the Company also considers the risks to the Company s shareholders and the achievement of our goals that may be inherent in our compensation programs. Although a significant portion of some employees compensation is performance-based and at-risk, we believe our compensation program is appropriately structured and does not pose a material risk to the Company. The Compensation Committee of the Company receives feedback from the Chief Risk Officer identifying any risks associated with named executive officer compensation plans and other employee incentive compensation plans. The report below outlines our process and the steps taken to mitigate any risks that were uncovered in our discussions.

Executive Compensation Plan Risk Assessment

Our Chief Risk Officer has reviewed all incentive programs, including the Senior Executive Incentive Plan, and concluded that none of the plans, considered individually or as a group, presented any 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. This feedback was provided to the Compensation Committee. The conclusions were based on the following:

- The Senior Executive Incentive Plan is a formal performance-based plan in which the Compensation Committee is deeply involved. The Compensation Committee establishes Company-wide goals early in the performance year and communicates these performance goals to the Compensation Committee for their review and approval. We use a balance of Company-wide goals, strategic goals and individual or departmental goals and customize the goals each year based on each executive s functional responsibility. The Compensation Committee is active in setting and approving the Company-wide goals each year. The Chief Executive Officer provides input on weighting of departmental or individual goals for executive officers. Once these are presented to the Compensation Committee, the Compensation Committee will discuss and approve, or revise the goals for the other named executives.

- When setting actual goals, we consider not only our annual budget, but our strategic initiatives and peer performance, which we believe mitigates risk and keeps executives focused on the long-term success of the Company. The Compensation Committee reviews these performance evaluations each year, not only to determine final award payouts, but to discuss developmental opportunities for our named executives. In addition, for any payout to occur, we must have satisfactory regulatory ratings and reviews.

- We believe that target and elevated target (target plus) awards are reasonable and competitive based on market research that was provided by our compensation consultant. We also pay out on a pro-rata basis for actual performance results that fall in between threshold, target and target plus levels and above target plus levels. We believe this reduces the likelihood of an executive misstating numbers to reach the next award level or withholding information to count toward the next performance year.

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