



Letter from Ronald D. Paul



Large enough to know how. Small enough to know you.

You may have seen those words on our branch signs. It really does sum up the benefits of banking with EagleBank.

At \$6 billion in assets, we are the largest community bank organized in the Washington area. But we've never forgotten our roots. We opened our doors with three branches in 1998. Today, we have over 20 branches in and around the Capital Beltway. Washington is our backyard and our hometown. We know it, and its businesses and people, inside and out.

We have a legal lending limit north of \$100 million, so we have the capacity – and the know-how – to make loans that are in the tens of millions. For example, we recently made a \$50+ million loan to a developer to refinance a Washington, DC mixed-use project. At the same time, however, we make many smaller sized loans to our area's small businesses. In fact, our average size loan to operating businesses is about \$700,000.

Large enough to know how. Small enough to know you.

And knowing you is important to us. We want to understand your business model and your goals, as well as your differentiator and your challenges. Then, we can exchange best practice ideas and help to make your company grow. For as you grow, we grow.

Large enough to know how. Small enough to know you.

Similarly, our support of community efforts runs the full gamut. Last year, we joined forces with George Mason University, a preeminent locally-based public institution of higher learning. We've committed \$6.5 million over 10 years, to support academics, athletics and students. The on-campus sports and events center proudly carries the name EagleBank Arena. But we also support dozens of grass roots groups, who feed the hungry, support the arts, enhance the lives of innercity children, and mentor students and startup nonprofits.

At the core of everything we do is building relationships. With our customers. With our shareholders. With our community. At EagleBank, we will always put relationships first. Our customers know us, and we know them. We visit them and their projects. They call their EagleBank relationship manager on the phone – sometimes just to say "Hi." There are no 1-800 numbers and no call centers in a faraway state or country.

EagleBank. We're large enough to know how. And always small enough to know you. Call us.



Ronald D. Paul
Chairman and Chief Executive Officer
EagleBank



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Eagle Bancorp, Inc. Stock

Eagle Bancorp stock is available for purchase through NASDAQ. Symbol: **EGBN**



EAGLE BANCORP, INC. ANNOUNCES A 46% INCREASE IN OPERATING EARNINGS FOR YEAR END 2015 AND SURGES TO \$6.0 BILLION IN ASSETS

(Excerpts from the January 20, 2016 Press Release)

BETHESDA, MD. Eagle Bancorp, Inc. (the “Company”) (NASDAQ:EGBN), the parent company of EagleBank, today announced record quarterly net income of \$22.3 million for the three months ended December 31, 2015, a 52% increase (32% on an operating basis) over the \$14.7 million net income (\$16.9 million on an operating basis) for the three months ended December 31, 2014. Net income available to common shareholders for the three months ended December 31, 2015 increased 53% to \$22.3 million as compared to \$14.5 million (\$16.7 million on an operating basis) for the same period in 2014.

Net income per basic and diluted common share for the three months ended December 31, 2015 was \$0.67 and \$0.65, respectively as compared to \$0.51 per basic common share and \$0.49 per diluted common share (\$0.59 per basic common share and \$0.56 per diluted common share on an operating basis) for the same period in 2014, a 31% increase per basic common share and 33% per diluted common share (14% increase per basic common share and 16% per diluted common share on an operating basis).

“We are very pleased to report the Company’s twenty-eighth consecutive quarter of record earnings, continuing a long-term history of consistent and balanced financial results,” noted Ronald D. Paul, Chairman and Chief Executive Officer of Eagle Bancorp, Inc. The Company’s quarterly earnings have increased for each quarter since the fourth quarter of 2008. Financial performance in the fourth quarter of 2015 was highlighted by 21% growth in total revenue as compared to the same quarter in 2014 and by 6% growth in total revenue as compared to the third quarter of 2015; by a favorable net interest margin, which was 4.38% for the fourth quarter of 2015; by continuing growth in total loans and total deposits; and by continued solid asset quality measures. Additionally, operating leverage remained quite favorable with an efficiency ratio in the fourth quarter of 2015 of 41.47%. The strong fourth quarter earnings resulted in an annualized return on average assets (“ROAA”) of 1.50%, an annualized return on average common equity (“ROACE”) of 12.08% and a Common Equity Tier 1 ratio of 10.68% at December 31, 2015.

To read the complete press release, visit: ir.EagleBankCorp.com.



EagleBank Establishes Summer Internship and Commercial Credit Rotational Program for Finance and Business Majors

Students at George Mason University and the University of Maryland now have the opportunity to apply for a Commercial and Industrial Lending or Commercial Real Estate summer internship through EagleBank’s newly established program.

Students enrolled in the Commercial and Industrial Internship program will assist with lending projects, data and analytical reporting, portfolio management services, due diligence and additional commercial-based transactions. The Commercial Real Estate program offers a platform for students to develop proficiency in assembling financial statements and loan documents, preparation of CRE reports and other commercial real estate transactions.

In 2015, EagleBank also launched the Commercial Credit Rotational Program to give select, highly skilled graduates the opportunity to experience five different operational departments of the bank over the course of 12-18 months.

Fifteen students were accepted into the Summer 2015 program, while the Commercial Rotational Program has its first graduate currently enrolled, with the goal of expanding the program to four area graduates in the 2016 rotation. Cameran Alavi, the program’s first official enrollee, says that over the next nine months, he will have the opportunity to do stints in Small Business Lending, Treasury Management, Deposit Operations, Finance, Accounting, C&I and CRE lending, to enhance his understanding of how the bank functions at all levels.

“The program has been successful and I really enjoy being in a position where my feedback is so valuable. Coupling my experience with the observations of my supervisors, we hope to solidify the rotational program as a consistent, educational, and desirable job option for recent graduates,” said Alavi.

George Mason Scholarships

EagleBank Chairman and CEO Ronald D. Paul was thrilled to receive a heart-felt handwritten thank you note from sophomore Abigail Rubemeyer, one of the first highly qualified George Mason University recipients of an EagleBank scholarship. We all wish Ms. Rubemeyer, a marketing major, continued success in her academic career and are delighted that she plans to “continue building a relationship with Ron Paul and the other professionals at EagleBank.”



(L-R) Jacquelyn Spalding, Abigail Rubemeyer, Ron Paul, Gregg Hoffman, Jason Wong, May Abou Ghazaleh



Bob Murphy
Managing Principal
MRP Realty

Bob Murphy - MRP Realty

EagleNews sat down recently with local real estate leader and MRP Realty’s Managing Principal Robert J. Murphy to gain some crystal ball insights and his personal perspectives on the state of the Washington, DC real estate market.

Question: The local economy continues to grow – and real estate investment activity here (both commercial and residential) is enjoying a substantial resurgence since the recession. Will this trend last or is there a bubble forming?

Answer: I am bullish on the real estate market here. We are seeing a push by both millennials and boomers to move back to city centers. Falling crime and more amenities citywide are making Washington a magnet for growth. We are seeing the rapid absorption of housing stock and Washington’s office buildings have historically enjoyed low vacancy rates. With government spending stable and now increasing since sequestration, I believe that the city will be better resistant to a bubble.

Q: When you evaluate prospective investment opportunities in this region, what upside characteristics (or what vulnerabilities) might sway your interest in proceeding?

A: First off, I think it is critical to invest in properties that relate well to how we live, work and shop. We need to understand our demographic – is this a property that will cater to younger professionals or downsizers? Does the property have amenities that are appealing to potential renters or buyers? Is the property close to mass transit? We are not averse to looking at smaller spaces – whether residential or office – that can accommodate user needs and which are in tune with technology and the advances that technology offers. We also seek key partners when we invest: EagleBank is one of the partners that we believe adds platinum value to any transaction we are considering because of their deep local market knowledge, their incredible service and their flexibility.

Q: More national corporate headquarters are moving to the Washington area – do you see this as a signal that the DC suburbs will also experience rapid growth?

A: Absolutely. We are seeing record growth in Fairfax, Bethesda, Alexandria, Loudoun and Rockville. The Mosaic District (in Virginia) has shown extraordinary success by blending residential, office and retail. Other Northern Virginia communities such as Arlington, Rosslyn, Clarendon and Ballston are experiencing record growth as well. All of these neighborhoods offer very convenient access to Metro and an array of shopping, dining and entertainment options. I do believe that the classic “office park” will suffer. New uses will have to be found for these as their isolation and remoteness from services will make them anachronistic.

Q: While new construction is very strong, there is also a growing need to retrofit office buildings in the Metro core. Will efforts to prevent these buildings from becoming obsolete – or at the very least becoming B or C buildings – be successful?

A: We will certainly see many older K Street buildings be improved. Owners understand the advantages of bringing 21st Century technology into their buildings – improved lighting, HVAC systems, energy utilization and more. Ultimately, that means that owners can charge more rent. Right now, money is relatively cheap and the pluses of modernizing will make it irresistible to forward-thinking office building owners.

Q: Would you encourage a young MBA to pursue a career in real estate?

A: Yes. I think that real estate combines the need to understand and master so many disciplines – from investment savvy, design, functionality, local and national economics to market trends and demographics. This is a constantly evolving challenge. Real estate is one of the least static of the investment-related careers that a young person could choose and I think it is also one of the most rewarding.



EAGLEBANK SERVICES

Equipment Leasing

Building and growing loyal customer relationships is all about answering customers’ needs. Leasing is a great option when the cost of new equipment isn’t in the budget. Conserving capital, managing cash flow and credit lines, and meeting changing production requirements are just a few good reasons to consider leasing over buying outright. Our leasing experts are ready to help your construction, energy, medical, industrial/manufacturing, printing/publishing or office equipment needs. Contact your EagleBank Relationship Manager or call 301.628.4700 and ask for an Equipment Leasing Specialist to learn more.



EAGLEBANKERS IN THE NEWS

Ron Paul Stands Up for Community Banking

EagleBank Chairman and CEO Ron Paul was invited to testify before Martin Gruenberg, Chairman of the FDIC; Thomas Curry, Comptroller of the Currency; Daniel Tarullo, Federal Reserve Board of Governors and several other esteemed banking officials regarding how “core” deposits are determined and insured – as well as proposed requirements that banks maintain additional capital for what regulators deem “high volatility commercial real estate loans.” The latter issue increases the cost to the bank for making these types of construction loans which will either increase the cost to the borrower or diminish the bank’s interest in making them. EagleBank has clearly demonstrated that loans can be made and monitored prudently. These loans are not “one size fits all” and individual bank track records and the factual circumstances of each loan should be weighed before making such a broad categorization. Read the complete article at www.EagleBankBlog.com.



CELEBRATING 10-YEAR ANNIVERSARIES



Joan Grant



Afrecia Harrell



Jermell Harris



LaShon Mack



Samantha Perry



Rob Powell



Brendon Shea



Jenny Shtipelman



Anthony Thomas



Teresa Trinh



COMMUNITY



EagleBank Relationship Managers Moses Nesmith and Christian Videla addressed the November Entrepreneurs Food Conference at the University of Maryland at Shady Grove.



John Vogt and Joanne Parker, EagleBank Enterprise Banking Dept., participated in the YWCA's Mock Interview Workshop to help students prepare resumes, dress professionally, and learn interviewing skills.



EagleBank was privileged to sponsor 50 seats for underprivileged children to attend a recent GWU Men's Basketball "Kid's Club" outing.



FOCUSED ON SECURITY

More Email Safety and Security

When sending and receiving non-public, sensitive information via email, EagleBank is always on the alert. We have a program to safeguard emails, but when there is room for improvement, we move on it quickly. Our new secure email message service is now through ZixCorp® ... try saying that fast six times in a row! If we send you a secure email, you will receive a return email that leads you to an "OPEN MESSAGE" button to create a password for this new system. If you send us something confidential, the new system will scan it and could automatically identify it as containing sensitive information. It will be delivered to us, but you will also receive a response that instructs you to use our secure email portal, <https://securemail.eaglebankcorp.com/> – that takes you to an easy sign-up and password process for future non-public, secure sending and receiving. Helping you help us keep your private information private is a Number One priority for EagleBank.

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