EAGLE BANCORP INC
Form 424B5
May 01, 2012
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Filed pursuant to Rule 424(b)(5)

Registration Statement Number 333-160956

Prospectus Supplement

To the Prospectus Dated August 7, 2009

Up to $35,000,000

Common Stock

This prospectus supplement and accompanying prospectus relate to the offer and sale from time to time of shares of our common stock, $0.01 par value per share, having an aggregate offering price of up to $35,000,000, through Sandler O Neill + Partners, L.P., or Sandler O Neill, as our sales agent, or to Sandler O Neill as principal for its own account, at a price agreed upon at the time of sale, for resale. If we sell shares of our common stock to Sandler O Neill as principal or other than in accordance with the sales agency agreement, we will enter into a separate terms agreement setting forth the terms of such transaction and we will describe such agreement in a separate prospectus supplement or pricing supplement.

Our common stock is traded on The Nasdaq Capital Market, or Nasdaq, under the symbol EGBN. On April 30, 2012, the last reported price of the common stock was $17.79 per share.

The shares of our common stock to which this prospectus supplement relates generally will be offered and sold through our sales agent over a period of time and from time to time in transactions at market prices prevailing at the time, at prices related to the prevailing market prices or at negotiated prices, pursuant to a sales agency agreement. Accordingly, an indeterminate number of shares of common stock will be sold up to the number of shares having an aggregate offering price of up to $35,000,000. We will pay Sandler O Neill a commission equal to 3.5% of the gross sales price per share for any shares sold through Sandler O Neill under the sales agency agreement. The net proceeds we receive from the sale of the shares to which this prospectus supplement relates will be the gross proceeds received from such sales less the commissions or discounts and any other costs we may incur in issuing the shares. See Plan of Distribution for further information.

Investing in our common stock involves risks. Please carefully read the Risk Factors beginning on page S - 19 of this prospectus supplement, and the documents incorporated by reference in this prospectus supplement, including our Annual Report on Form 10-K for the year ended December 31, 2011 and in any subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, for a discussion of certain factors that you should consider before making your investment decision

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

These securities are not deposits, savings accounts, or other obligations of a depository institution and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this prospectus supplement is May 1, 2012.

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Prospectus Supplement

Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and Sandler O Neill has not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and Sandler O Neill is not, making an offer to sell our securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, or any documents incorporated by reference herein, is accurate as of their respective dates. Our business, financial condition, results of operations, and prospects may have changed since those dates. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information that is different from or in addition to the information in that prospectus.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering, and updates and adds to the information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which provides more general information about us, the common stock, and other securities we may offer from time to time, some of which may not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus, together with additional information described below under the headings Where You Can Find Additional Information and Incorporation of Certain Information by Reference. Generally, when we refer to this prospectus we mean this prospectus supplement together with the accompanying prospectus.

If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the common stock in certain jurisdictions may be restricted by law. This prospectus supplement does not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any common stock offered by this prospectus supplement by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

In this prospectus supplement, unless otherwise expressly stated or the context otherwise requires, the terms we, us, the Company, Eagle, and our refer to Eagle Bancorp, Inc. and our subsidiaries on a combined basis. References to EagleBank or Bank refer to EagleBank, Bethesda, Maryland, which is our principal subsidiary.

CAUTION ABOUT FORWARD LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain or incorporate by reference forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These forward looking statements represent plans, estimates, objectives, goals, guidelines, expectations, intentions, projections and statements of our beliefs concerning future events, business plans, objectives, expected operating results and the assumptions upon which those statements are based. Forward looking statements include without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and are typically identified with words such as may, could, should, will, would, believe, anticipate, estimate, expect, intend, plan, or words or phases of similar meaning. We caution that the forward looking s are based largely on our expectations and are subject to a number of known and unknown risks and uncertainties that are subject to change based on factors which are, in many instances, beyond our control. Actual results, performance or achievements could differ materially from those contemplated, expressed, or implied by the forward looking statements.

The following factors, among others, could cause our financial performance to differ materially from that expressed in such forward looking statements:

- The strength of the United States economy in general and the strength of the local economies in which we conduct operations;

- Geopolitical conditions, including acts or threats of terrorism, or actions taken by the United States or other governments in response to acts or threats of terrorism and/or military conflicts, which could impact business and economic conditions in the United States and abroad;

- The effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System, or the Federal Reserve Board; inflation, interest rate, market and monetary fluctuations;

- The timely development of competitive new products and services and the acceptance of these products and services by new and existing customers;

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- The willingness of users to substitute competitors products and services for our products and services;

- The impact of changes in financial services policies, laws and regulations, including laws, regulations and policies concerning taxes, banking, securities and insurance, and the application thereof by regulatory bodies;

- The effect of changes in accounting policies and practices, as may be adopted from time-to-time by bank regulatory agencies, the Securities and Exchange Commission, or the SEC, the Public Company Accounting Oversight Board, the Financial Accounting Standards Board or other accounting standards setters;

- Technological changes;

- The effect of acquisitions we may make, including, without limitation, the failure to achieve the expected revenue growth and/or expense savings from such acquisitions;

- The growth and profitability of non-interest or fee income being less than expected;

- Changes in the level of our non-performing assets and charge-offs;

- Changes in consumer spending and savings habits; and

- Unanticipated regulatory or judicial proceedings.

If one or more of the factors affecting our forward looking information and statements proves incorrect, then our actual results, performance or achievements could differ materially from those expressed in, or implied by, forward looking information and statements contained in this prospectus supplement and the accompanying prospectus, and in the information incorporated by reference herein and therein. Therefore, we caution you not to place undue reliance on our forward looking information and statements. We will not update the forward looking statements to reflect actual results or changes in the factors affecting the forward looking statements.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus and may not contain all the information that you need to consider in making your investment decision. To understand this offering fully, you should read this prospectus supplement and the accompanying prospectus carefully. You should carefully read the sections titled Risk Factors in this prospectus supplement and in the accompanying prospectus and the documents identified in the section Incorporation of Certain Information by Reference.

The Company

We are the registered bank holding company for EagleBank, Bethesda, Maryland, a Maryland chartered commercial bank which is a member of the Federal Reserve System. We were organized in October 1997 to be the holding company for EagleBank, which commenced operations in July 1998.

We are a growth-oriented company providing a high level of service and developing deep relationships with our customers. The Company offers a broad range of commercial banking services to its business and professional clients as well as full service consumer banking services to individuals living and/or working primarily in our service area. EagleBank was organized as an alternative to the super-regional financial institutions which dominate our market area. EagleBank s philosophy is to provide superior, personalized service to our customers. EagleBank focuses on relationship banking, providing each customer with a number of services, becoming familiar with and addressing the customer s needs in a proactive personalized fashion.

Our common stock is listed for trading on The Nasdaq Capital Market under the symbol EGBN. As of March 31, 2012 there were 20,220,166 shares of our common stock outstanding.

At March 31, 2012, we had totals assets of approximately $2.82 billion, total loans of approximately $2.19 billion, total deposits of approximately $2.37 billion, and total shareholders equity of approximately $276.0 million. At March 31, 2012, our nonperforming assets (consisting of nonaccrual loans, loans past due 90 or more days and other real estate owned) were approximately $39.7 million, or 1.41% of total assets. For the three months ended March 31, 2012, we had earnings of $0.36 per diluted common share. We currently operate from 16 branch offices, seven in Montgomery County, Maryland, five in the District of Columbia, two offices in Arlington County, Virginia and two offices in Fairfax County, Virginia. We have announced plans to open an office in Merrifield, Virginia, which is expected to open in late 2012.

Our principal executive offices are located at 7815 Woodmont Avenue, Bethesda, Maryland 20814 and our telephone number is (301) 986-1800. Our internet address is http://www.eaglebankcorp.com. The reference to our website does not constitute incorporation by reference of the information contained on the website, which should not be considered part of this prospectus supplement or the accompanying prospectus.

Our Strategy

Our goal is to continue to grow our Company, while maintaining sound operations and risk management, in order to provide superior returns to our shareholders. EagleBank has become a leading community bank in the Washington, DC metropolitan area as a result of our relationship banking approach.

We intend to continue to expand our operations, through organic growth, with limited de novo branching and opportunistic acquisitions, while emphasizing asset quality and seeking high levels of profitability. Our strategy has been successful to date, and we believe that we can continue to drive returns to shareholders by focusing on a few key elements as follows:

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- **Driven by Profitability.** The management team and our directors, who currently own approximately 16.8% of the outstanding shares of the Company,(1) are dedicated to producing profits and returns for the shareholders. The Company has historically achieved a strong net interest margin, which is a key driver of our profitability. We are also continuing to focus on expense control, paying particular attention to our efficiency ratio. By striving to constantly improve our net interest margin and efficiency ratio we hope to improve our return on average assets and return on average equity. Through March 31, 2012, the Company has recorded 13 consecutive quarters of increasing net income and net income available to common shareholders.

- **Strong Net interest Margin.** Our net interest margin has consistently been higher than the averages for our Mid-Atlantic peer group,(2) and for all banking companies with assets between $1 billion to $3 billion. For the year ended December 31, 2011, our net interest margin was in the 71st percentile of banks with $1 billion to $3 billion in assets, and the 78th percentile of our Mid-Atlantic peer group. Our success is as a result of our deep, long-term, core relationships on both the loan and deposit sides of the balance sheet. We have a veteran management team and a dedicated board of directors that have been able to develop deep relationships with customers with an emphasis on core deposit growth. Our banking model is relationship based, and seeks to provide customers with multiple products, based upon our loan and relationship officer s extensive knowledge of the customer s business.

- **Local Banking.** Our banking model provides our customers with ready access to locally-based decision-makers and members of our senior management. While this model often requires a higher degree of direct customer contact than business models based on service centers, 800 numbers and websites, we believe it enables us to both create more ties with our customers and to cross-sell our varied product offerings to generate higher revenues. During the turbulent market conditions of the past several years, many of the national and super-regional banks, which dominate our market area, have been restricting lending compared to prior years due, in many cases, to their own asset quality issues and capital restraints. As a result, we have been presented with, and been able to capitalize on, increased opportunities to provide loan and deposit services to customers of those national and super-regional banks who have had their relationships restricted, terminated or otherwise disrupted. We believe these displaced customers have come to understand the value and benefits of EagleBank s relationship-based banking model. As a result, we have been able to maintain pricing of our products at competitive and attractive rates.

- **Strong Organic Growth.** Our historic growth in assets, loans, deposits and earnings has been consistently strong. We believe that we can continue to attract new customers through relationship banking without having to rely solely on an expansive branch network to compete with the national and super-regional banks. We currently have 16 branch offices. We have announced plans to open an office in Merrifield, Virginia, which is expected to open in late 2012. We intend to continue to explore opportunities for establishing additional branches to enhance our coverage of our market area, including additional branches to expand our presence in Northern Virginia. We have pursued a number of acquisitions during our 13 year history; however, we have pursued only two transactions to completion, the acquisition of Fidelity & Trust Financial Corporation (Fidelity) in 2008, and a branch acquisition in 2011. We continue to recruit experienced bankers and relationship officers with significant customer relationships and deep knowledge of our market. We believe current market conditions in the industry are highly conducive to hiring experienced and capable bankers.

- **Geographic Market Positioning.** EagleBank opened its doors in 1998 with three branches in Montgomery County, Maryland. Since then, EagleBank has established, by de novo expansion and acquisition, 13 additional branch offices, net of consolidations. EagleBank purposefully focused on those sub-markets of the Washington, DC metropolitan area where its officers and directors had existing relationships, and where they were most familiar with the local economy. Supported by the presence of the federal government, many government facilities, government contractors, law and

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(1) One of our directors is not standing for re-election at the 2012 Annual Meeting. After the Annual Meeting, our directors and executive officers are expected to own approximately 12.0% of the outstanding shares of common stock, assuming no change in the number of shares

outstanding.

(2) Our Mid-Atlantic peer group consists of publicly-traded commercial banks with assets between $1 billion and $5 billion and headquartered in Washington, DC, Virginia, West Virginia, Maryland, Pennsylvania and Delaware.

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lobbying firms and nonprofit groups, a highly educated workforce, and a per capita income among the highest in the country in the market segments in which we operate, the Washington, DC metropolitan area has weathered the recent financial turmoil better than many areas of the country. Montgomery County, Washington, DC and Arlington and Fairfax Counties represent some of the most stable and densely populated sub-markets in the Washington, DC metropolitan area.

- **Experienced and Dedicated Board and Management Team.** Our Company has a management team and a dedicated board of directors with significant banking experience in the Washington, DC metropolitan area. Not only are these individuals dedicated to building deep customer relationships for the benefit of the Company, the Company s directors and executive officers also maintain significant ownership of our common stock, currently owning approximately 16.8% of the outstanding shares of common stock.

- **Strong Asset Quality.** At March 31, 2012, approximately 71% of our total portfolio loans consists of commercial real estate loans, including approximately 20% which are acquisition, development and construction loans. As a result of the extensive real estate expertise among our lending and credit administration staff, executive officers, and board of directors, and our strict, quality oriented underwriting and credit monitoring processes, our level of nonperforming assets, was 1.41% of total assets. While overall credit losses and problem assets have increased in recent years over historic levels primarily due to tumultuous economic conditions, credit quality remains our highest focus, and we are vigilant in rapidly responding to these conditions and to specific problem credits, as well as working to minimize losses. With the increased lending opportunities that are available in our market area as a result of retrenching by larger banks, we have been increasingly able to fund only the projects we deem high quality, and to adequately price and reserve for risk.

- **Conservative Investment Securities Portfolio.** We believe that we have been very conservative in our investment securities portfolio strategy. At March 31, 2012, we had 12.2% of our assets in our investment securities portfolio, which is all held as available for sale. The investment securities portfolio consists of mortgage-backed securities, U.S. Government Agency securities and high quality municipal securities.

- **Proven Ability to Evaluate and Execute Acquisitions.** To date, we have completed one whole bank acquisition, and one branch acquisition, although we have pursued a number of opportunities. We plan to continue to review opportunities to acquire other banks, or bank branches, and to review any opportunities in our market to acquire deposits and assets of failed banks from the Federal Deposit Insurance Corporation, or the FDIC. We anticipate that consolidation in the industry will continue due to continuing slow growth as the economy comes out of recession, continued margin pressure and continuing loan quality issues and securities impairment that weigh on the capital of many banks, and the difficult market conditions for many banks seeking to raise capital. In addition, when consolidation occurs among banks operating in our market, we will be opportunistic and seek to capitalize on the resulting dislocation of customer relationships.

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The Offering

Issuer	Eagle Bancorp, Inc.
Shares offered	Shares of common stock, $0.01 par value, having an aggregate offering price of up to $35,000,000.
Use of proceeds	We intend to use the proceeds of the offering for general corporate purposes, including but not limited to contribution of capital to our subsidiaries, including the Bank, to support organic growth, de novo branching and opportunistic acquisitions, should appropriate acquisition opportunities arise. Currently, we do not have any agreements, arrangements or understandings regarding any possible acquisitions. See Use of Proceeds at page S - 27.
Nasdaq Capital Market symbol	EGBN
Dividends and distributions	We do not currently pay a dividend on our common stock, based on the Board s determination that it is in the best interests of the Company and its shareholders to reinvest earnings in the Company s operations. In addition, the terms of our Series B Preferred Stock issued under the Small Business Lending Fund program place certain restrictions on the payment of dividends or other distributions on the common stock. See Market for Common Stock and Dividends at page S - 27.
Risk Factors	Investing in our common stock involves risks. You should carefully consider the information under Risk Factors beginning on page S - 19 and the other information included in this prospectus supplement and the accompanying prospectus before investing in our common stock.

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Recent Developments

For the quarter ended March 31, 2012, the Company reported record quarterly net income of $7.6 million, a 49% increase over the $5.1 million net income for the quarter ended March 31, 2011. Net income available to common shareholders increased 56% to $7.5 million ($0.37 per basic common share and $0.36 per diluted common share), as compared to $4.8 million ($0.24 per basic and diluted common share) for the same three month period in 2011.

At March 31, 2012, total assets were $2.82 billion, compared to $2.19 billion at March 31, 2011, a 29% increase. As compared to December 31, 2011, total assets at March 31, 2012 declined slightly by $16 million. Total loans were $2.19 billion at March 31, 2012 compared to $1.79 billion at March 31, 2011, a 22% increase. As compared to December 31, 2011, total loans at March 31, 2012 increased by $130.7 million, a 6% increase. Total deposits were $2.37 billion at March 31, 2012 compared to deposits of $1.83 billion at March 31, 2011, a 30% increase. As compared to December 31, 2011, total deposits at March 31, 2012 declined by $24 million, due substantially to the expected withdrawals from three large accounts amounting to $60 million. Loans held for sale amounted to $87.5 million at March 31, 2012 as compared to $176.8 million at December 31, 2011 and $12.5 million at March 31, 2011. The investment portfolio totaled $345.0 million at March 31, 2012, a 51% increase from the $228.5 million balance at March 31, 2011, as excess liquidity was deployed into new investments. As compared to December 31, 2011, the investment portfolio at March 31, 2012 increased by $31.2 million, a 10% increase. Total borrowed funds (excluding customer repurchase agreements) were stable at $49.3 million at March 31, 2012, December 31, 2011 and March 31, 2011. Total shareholders equity increased to $276.0 million at March 31, 2012, compared to $266.7 million and $210.1 million at December 31, 2011 and March 31, 2011, respectively. The Company s capital position remains substantially in excess of regulatory requirements for well capitalized status, with a total risk based capital ratio of 11.60% at March 31, 2012. In addition, the tangible common equity ratio (tangible common equity to tangible assets) increased to 7.66% at March 31, 2012, from 7.29% at December 31, 2011.

At March 31, 2012, the Company s nonperforming assets amounted to $39.7 million, representing 1.41% of total assets, compared to $36.7 million of nonperforming assets, or 1.68% of total assets, at March 31, 2011 and $36.0 million, or 1.27% of total assets, at December 31, 2011. Management remains attentive to early signs of deterioration in borrowers financial conditions and to taking the appropriate action to mitigate risk. Furthermore, the Company is diligent in placing loans on nonaccrual status and believes, based on its loan portfolio risk analysis, that its allowance for loan losses, at 1.46% of total loans (excluding loans held for sale) at March 31, 2012, was adequate to absorb potential credit losses within the loan portfolio at that date. Included in nonperforming assets at March 31, 2012 were $3.0 million of other real estate owned (OREO) as compared to $3.5 million at March 31, 2011 and $3.2 million at December 31, 2011.

For the three months ended March 31, 2012, the Company reported an annualized return on average assets (ROAA) of 1.08% as compared to 0.98% for the three months ended March 31, 2011. The annualized return on average common equity (ROAE) for the quarter ended March 31, 2012 was 13.80%, as compared to 10.49% for the quarter ended March 31, 2011. The higher ROAA and ROAE for the first quarter of 2012 as compared to 2011 were due to higher levels of noninterest income and improved cost management and in the case of ROAE, additional balance sheet leverage arising from substantial growth in the loan portfolio.

Net interest income increased 32% for the three months ended March 31, 2012 over the same period in 2011, resulting from strong balance sheet growth, as average earning assets increased by 35%. For the three months ended March 31, 2012, the net interest margin was 4.11% as compared to 4.23% for the three months ended March 31, 2011 and 3.65% for the three months ended December 31, 2011 (4.15% excluding the impact of the large settlement deposit discussed in the Form 10-K for December 31, 2011).

The provision for credit losses was $4.0 million for the three months ended March 31, 2012 as compared to $2.1 million for the three months ended March 31, 2011. At March 31, 2012, the allowance for credit losses represented 1.46% of loans outstanding, as compared to 1.43% and 1.44% at March 31, 2011 and December 31, 2011, respectively. The higher provisioning in the first quarter of 2012, as compared to both the first quarter of 2011 and the fourth quarter of 2011, was due to higher amounts of loan growth in the first quarter of 2012. Net charge-

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offs of $1.7 million in the first quarter of 2012 represented 0.34% of average loans, excluding loans held for sale, as compared to $1.3 million or 0.30% of average loans, excluding loans held for sale, in the first quarter of 2011. Net charge-offs in the first quarter of 2012 were primarily attributable to charge-offs of commercial and industrial loans ($768 thousand), consumer loans ($546 thousand), commercial real estate loans ($290 thousand), and construction loans ($145 thousand).

At March 31, 2012, the allowance for credit losses represented 87% of nonperforming loans as compared to 77% at March 31, 2011 and 90% at December 31, 2011.

Noninterest income for the three months ended March 31, 2012 increased to $6.0 million from $2.9 million for the three months ended March 31, 2011, a 105% increase. This increase was due primarily to an increase of $2.3 million in gains on sales of residential mortgage loans in the first quarter of 2012 as compared to the first quarter of 2011. Also contributing to the increase was $230 thousand in service charges on deposit accounts, $262 thousand in other income, primarily associated with loan fee income and $153 thousand of investment gains. Excluding investment securities gains, total noninterest income was $5.9 million for the first quarter of 2012 as compared to $2.9 million for the first quarter of 2011, an increase of 100%.

The efficiency ratio, which measures the ratio of noninterest expense to total revenue, was 53.83% for the first quarter of 2012, as compared to 58.57% for the first quarter of 2011. Noninterest expenses were $18.6 million for the three months ended March 31, 2012, as compared to $14.3 million for the three months ended March 31, 2011, a 30% increase. Cost increases for salaries and benefits were $3.1 million primarily due to merit and benefit cost increases, increases in incentive pay, and staffing increases primarily as a result of expansion of the residential lending division, and additional lending and branch personnel. At March 31, 2012, the Company had sixteen branch offices, as compared to thirteen at March 31, 2011. Premises and equipment expenses were $519 thousand higher due primarily to the cost of three new branch offices and normal increases in lease costs. Data processing costs increased by $567 thousand due to system enhancements initiated in April 2011, new offices and growth in the number of new accounts and relationships. FDIC insurance premiums were $254 thousand less due to lower FDIC premiums rates which took effect on April 1, 2011. Other expenses increased by $287 thousand for the quarter ended March 31, 2012 compared to the same period in 2011.

The following table sets forth selected financial highlights data for the Company as of and for each of the three month periods ended March 31, 2012 and 2011. You should read this table and the accompanying balance sheet, statement of operations, average balance table for the three months ended March 31, 2012 and 2011, and the quarterly trend data together with the historical consolidated financial information contained in our consolidated financial statements and related notes and our Management s Discussion and Analysis of Financial Condition and Results of Operation included in our Annual Report on Form 10-K for the year ended December 31, 2011. Information for the three month periods ended March 31, 2012 and 2011 is derived from unaudited interim financial statements and has been prepared on the same basis as our audited financial statements and includes, in the opinion of management, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the data for such period. The results of operations for the three month period ended March 31, 2012 do not necessarily indicate the results which may be expected for any future period or for the full year.

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Eagle Bancorp, Inc.

Consolidated Financial Highlights

(dollars in thousands except per share data)

(in thousands, except per share data)	Three Months Ended March 31, 2012 (Unaudited)	2011 (Unaudited)
Balance Sheet - Period End		
Securities	$ 345,021	$ 228,507
Loans held for sale	87,496	12,459
Loans	2,186,940	1,790,084
Allowance for credit losses	31,875	25,582
Intangible assets, net	4,066	4,330
Total assets	2,815,549	2,186,268
Deposits	2,368,235	1,826,880
Borrowings	160,880	139,053
Total liabilities	2,539,541	1,976,149
Preferred shareholders equity	56,600	22,629
Common shareholders equity	219,408	187,490
Total shareholders equity	276,008	210,119
Tangible common equity(1)	215,342	183,160
Statement of Operations		
Total interest income	$ 32,568	$ 26,296
Total interest expense	4,098	4,790
Net interest income	28,470	21,506
Provision for credit losses	3,970	2,116
Net interest income after provision for credit losses	24,500	19,390
Noninterest income (before investment gains)	5,859	2,933
Investment gains	153	
Total noninterest income	6,012	2,933
Total noninterest expense	18,562	14,313
Income before income tax expense	11,950	8,010
Income tax expense	4,317	2,874
Net income	7,633	5,136
Preferred stock dividends and discount accretion	141	320
Net income available to common shareholders	$ 7,492	$ 4,816
Per Common Share Data		
Net income, basic	$ 0.37	$ 0.24
Net income, diluted	$ 0.36	$ 0.24
Weighted average common shares outstanding, basic	20,110,948	19,716,814
Weighted average common shares outstanding, diluted	20,623,681	20,215,244
Actual shares outstanding	20,220,166	19,811,532
Book value	$ 10.85	$ 9.46
Tangible book value(1)	$ 10.65	$ 9.25
Performance Ratios (annualized)		
Return on average assets	1.08%	0.98%
Return on average common equity	13.80%	10.49%
Net interest margin	4.11%	4.23%

Efficiency ratio(2)	53.83%	58.57%
Other Ratios		
Allowance for credit losses to total loans	1.46%	1.43%
Allowance for credit losses to total nonperforming loans	86.82%	77.11%
Nonperforming loans to total loans	1.68%	1.85%
Nonperforming assets and loans 90+ past due to total assets	1.41%	1.68%
Net charge-offs (annualized) to average loans	0.34%	0.30%
Common equity to total assets	7.79%	8.58%
Total capital (to risk weighted assets)	11.60%	11.75%
Tier 1 capital (to risk weighted assets)	10.09%	10.03%
Tier 1 capital (to average assets)	9.33%	9.44%
Tangible common equity ratio(1)	7.66%	8.39%
Loan Balances - Period End		
Commercial and Industrial	$ 492,824	$ 443,251
Commercial real estate - owner occupied	$ 275,723	$ 226,322
Commercial real estate - income producing	$ 829,984	$ 671,803
1-4 Family mortgage	$ 43,057	$ 19,665
Construction - commercial and residential	$ 417,346	$ 317,353
Construction - C&I (owner occupied)	$ 27,412	$ 17,308
Home equity	$ 95,437	$ 88,602
Other consumer	$ 5,157	$ 5,780
Average Balances		
Total assets	$ 2,830,693	$ 2,122,677
Total earning assets	$ 2,784,747	$ 2,063,557
Total loans held for sale	$ 120,098	$ 19,532
Total loans	$ 2,086,511	$ 1,713,854
Total deposits	$ 2,393,413	$ 1,764,373
Total borrowings	$ 153,227	$ 140,456
Total shareholders equity	$ 274,923	$ 208,833

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(1) The information set forth above contains certain financial information determined by methods other than in accordance with generally accepted accounting principles in the United States, or GAAP . These non-GAAP financial measures are tangible common equity, tangible book value per common share and the tangible common equity ratio. Our management uses these non-GAAP measures in its analysis of our performance because it believes these measures are material and will be used as a measure of our performance by investors. These disclosures should not be considered in isolation or as a substitute for results determined in accordance with GAAP, and are not necessarily comparable to non-GAAP performance measures which may be presented by other bank holding companies. Management compensates for these limitations by providing detailed reconciliations between GAAP information and the non-GAAP financial measures. Reconciliation tables are set forth below. Tangible common equity is defined as total common shareholders equity reduced by goodwill and other intangible assets. Tangible book value per common share is defined as tangible common shareholders equity divided by total common share outstanding. The tangible common equity ratio is defined as tangible common equity divided by total assets reduced by goodwill and other intangible assets.

GAAP Reconciliation

(dollars in thousands except per share data)

	Three Months Ended March 31, 2012 (Unaudited)		Twelve Months Ended December 31, 2011 (Unaudited)		Three Months Ended March 31, 2011 (Unaudited)	
Common shareholders equity	$	219,408	$	210,111	$	187,490
Less: Intangible assets		(4,066)		(4,145)		(4,330)
Tangible common equity	$	215,342	$	205,966	$	183,160
Book value per common share	$	10.85	$	10.53	$	9.46
Less: Intangible book value per common share		(0.20)		(0.21)		(0.21)
Tangible book value per common share	$	10.65	$	10.32	$	9.25
Total assets	$	2,815,549	$	2,831,255	$	2,186,268
Less: Intangible assets		(4,066)		(4,145)		(4,330)
Tangible assets	$	2,811,483	$	2,827,110	$	2,181,938
Tangible common equity ratio						