



years.
And counting.

The entrepreneurial spirit
in the service of community.



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Banking is not just a business—
it's a relationship. One that's always
based on understanding and responding
to the business needs of our customers.

We established EagleBank in 1998 with that firm belief. So celebrating our fifteenth anniversary is about much more than marking a date; it's about making a difference. Doing things that count. Because each customer's success strengthens us all. That's what community banking is all about.

The wisdom of our approach is reflected in the strength of our numbers in 2013. With total assets over \$3.7 billion, our stock price performance is its best ever. The fourth quarter was our twentieth consecutive quarter of increasing net income. And EagleBank ranks number one in deposit market share and total deposits among community banks based in the Washington Metropolitan Area.

But the real story of our success over our first fifteen years isn't in the numbers on a page. It's in the page itself: the open-minded, open-ended blank page with which we begin every meeting with a customer. Creating solutions that make sense for each one, helping that customer along its individual path to success.

That has been our passion, and our own path to success, for fifteen years. And counting.

To Our Shareholders

It's hard to believe that Eagle Bancorp, Inc. and EagleBank have been serving metropolitan Washington for over 15 years. We opened our doors in 1998. It was the year *Titanic* won Best Picture, Tara Lapinski took gold in Nagano, and the Yankees swept the Padres. The world said hello to a startup named Google and goodbye to an icon named Frank Sinatra. The iPod, the iPhone, and the iPad were all still to come. And it was the year EagleBank commenced serving our customers, with a goal of returning personalized, community banking to our region.

Fast forward to today. EagleBank is metropolitan Washington's premier community bank. We lead the area community banks in loan growth; you'll see our signs throughout the region. We hold more deposits than any other community bank in the area. We are recognized as a go-to bank—for deposits, for loans and for safety and soundness. EagleBank is large enough to meet customer needs while remaining small enough and nimble enough to satisfy customer needs.

Go to a national or regional bank and they'll point to their array of products and say pick the one you want, but only if it is on the shelf. We meet with you with a blank piece of paper and ask, "How can we help?" That attitude, that flexibility is what drives our growth.

There were a dozen or so of us who comprised the initial staff of EagleBank. (Six are still with us!) Today, we are almost 400 strong, and we do mean strong.

Our only merger has been with Fidelity & Trust Bank, in 2008. What a combination it has been. We were nearly \$1.4 Billion in assets when we closed the merger. At year-end 2013, we were over \$3.7 Billion in assets. And all of that growth has been organic, profitable growth. We did it the old fashioned way. We earned it.

2013 was, in many ways, one of milestone achievements and record performance for Eagle Bancorp, Inc.:

- 🏆 Our assets ended 2013 at over \$3.7 Billion
- 🏆 Our net income reached \$47 Million, reflecting 20 consecutive quarters of record earnings
- 🏆 Our loans increased by 18%, to \$2.9 Billion
- 🏆 Our deposits were up 11%, to \$3.2 Billion
- 🏆 Our asset quality remains solid, with a coverage ratio of Reserves to Non-Performing Loans of 166%
- 🏆 Our common stock price increased by 69%, and we issued a 10% stock dividend
- 🏆 We opened our 18th branch in Old Town Alexandria, VA, as we celebrated our 15th Anniversary

While we hold more deposits than any other metropolitan Washington community bank, our share of the deposit market is only 1.87%. In 2010, we had 1.14% of the market; that's an increase of 73 basis points—and \$1.3 Billion—in just three years. EagleBank has tremendous potential to continue to grow...in one of the country's strongest regional economies. However, as we have mentioned in previous years' letters, the Company is more concerned with consistent growth in profitability than with the size of its balance sheet. Eagle Bancorp had a 1.37% Return on Average Assets in 2013 and a 14.60% Return on Average Common Equity. Accordingly, we are again the most profitable bank headquartered in Maryland.

The steadily rising net income—five consecutive years of increased, record-level earnings—is the result of successful performance across many indicators compared to national and local bank peers: an increase in earning assets, a superior Net Interest Margin, continued strong credit quality metrics and more effective expense management. The favorable Net Interest Margin was maintained through our disciplined approach to loan and deposit pricing.



Ronald Paul, Chairman and CEO (right)
Robert Pincus, Vice Chairman (left)



There when it counts.

When a small business needs help most, a community bank has the most to offer—enabling fellow entrepreneurs to survive and thrive.

Cidalia Luis-Akbar and Natalia Luis had guided M. Luis Construction through the recession. But then the sisters' troubles began.

The Maryland-based road construction company their parents started in 1985 had achieved great success. Looking to build on that success, in late 2010 the sisters invested millions in an asphalt manufacturing plant in Rockville, MD. In February 2011, a fire destroyed the company's central operations hub, a loss worth several million dollars.

Then the rains came.

Over several months, record-setting rainfall throughout the region washed out construction schedules, greatly reducing M. Luis Construction's revenues. As a result, the company's relationship with a national bank ended—the bank that had been M. Luis's lender of choice for over twenty-five years.

That's when we learned about the sisters' predicament from a mutual friend. (At EagleBank, we're all about relationships.) As entrepreneurs ourselves, we understand that all small-business owners face challenges. From time to time, unforeseen events will demand unconventional thinking and unusual flexibility. That's par for the course.

We also understand that, for small-business owners, timely access to money is what keeps the lights on.

We met with the Luis sisters and recognized them as fellow entrepreneurs—passionate, capable, energetic people running a successful family business. People who had just hit a rough spot and needed a hand.

So we were happy to do for M. Luis Construction what its national bank wouldn't: We provided an \$8.6 million line of credit that enabled the firm not only to keep going, but to continue growing.

Others took notice. Last fall, President Obama invited the Luis sisters to the White House for an event celebrating the contributions small businesses make to the economy by creating jobs, improving infrastructure, and strengthening communities. The following month, the President visited M. Luis Construction's Rockville facilities for another day of celebrating small-business success.

Stories like that of the Luis sisters and M. Luis Construction are ones we never tire of hearing—or being a part of. Because we believe in the power and passion of entrepreneurs, and the difference only a community bank like EagleBank can make in their success.

We provided an \$8.6 million line of credit that enabled the firm not only to keep going, but to continue growing.



Cidalia Luis-Akbar (sitting) and Natalia Luis (standing) of M. Luis Construction

2001 First Washington, DC branch opens at 2001 K Street, NW

2001 EagleBank makes the Top SBA Lenders list in the Washington Metro Area

2002 Shady Grove branch opens in Rockville, MD

2002 SBA names EagleBank a Preferred Lender