EAGLE BANCORP INC
Form DEF 14A
April 03, 2017
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No._____)

Filed by Registrant x
Filed by Party other than 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 Materials Pursuant to §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

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 18, 2017 at 10:00 A.M. EDT

To The Shareholders of Eagle Bancorp, Inc.:

Proxy Statement

The Board of Directors of 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 18, 2017, 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 3, 2017, to shareholders of record as of March 21, 2017, the record date for the meeting. A copy of the Company s Annual Report on Form 10-K for the year ended December 31, 2016, 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 Board of Directors and (c) EagleBank, our wholly owned subsidiary, as EagleBank or the Bank.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 18, 2017. A copy of this proxy statement, our Annual Report on Form 10-K for the year ended December 31, 2016, and our Report to Shareholders is available online at http://viewproxy.com/eaglebankcorp/2017.

This year, we are using the Notice and Access method of providing proxy materials to you via the Internet instead of mailing printed copies. We believe that this process will provide you with a convenient and quick way to access the proxy materials, including this proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2016. Also, accessible is our Report to Shareholders and an authorization for a proxy to vote your shares. This allows us to conserve natural resources, and reduce the costs of printing and distributing the proxy materials.

Most shareholders will not receive paper copies of the proxy materials unless they request them. Instead, the Important Notice Regarding Availability of Proxy Materials, which we refer to as the Notice and Access card, which has been mailed to our shareholders, provides instructions regarding how you may access and review all of the proxy materials on the Internet. The Notice and Access card also tells you how to submit your proxy vote via the Internet or telephone. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials printed on the Notice and Access card.

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 seven directors to serve until the 2018 Annual Meeting of Shareholders and until their successors are duly elected and qualified;

2. To ratify the appointment of Dixon Hughes Goodman LLP as the Company s independent registered public accounting firm to audit the consolidated financial statements of the Company for the year ended December 31, 2017;

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

4. To vote on a non-binding, advisory proposal regarding the frequency of advisory resolutions approving the compensation of our named executive officers; and

5. 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 21, 2017 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.AALvote.com/EGBN**;

- By toll-free telephone: call **1 (866) 804-9616**; 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 (typically your broker) 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 3, 2017

Table of Contents

Proxy Statement	**5**
Proxy Statement Summary	**8**
Introduction	8
Our Mission	8
Our Values: Relationships F I R S T	8
Eagle Bancorp, Inc. at a Glance - 2016	9
Shareholder Engagement and How We ve Responded	9
Evolution of Equity Awards	14
Performance-Vested Shares	14
Voting Securities and Principal Shareholders	**15**
Proposal 1: Election of Directors	**17**
Nominees for the Board of Directors	17
Additional Directors of the Bank	20
Board Leadership Structure	22
Board and Committee Oversight of Risk	23
Meetings, Committees, and Procedures of the Board of Directors	24
Director Compensation	**28**
Executive Officers Who Are Not Directors	**30**
Open Letter from Compensation Committee Chairman	**32**
Compensation Discussion and Analysis	**33**
Executive Summary	33
Record Setting Performance	*33*
Compensation Changes in Response to Shareholder Feedback	36
2016 Advisory Vote on Executive Compensation	37
Compensation Philosophy	38
Our Compensation Drivers	39
Our Pay Mix	39
CEO Evaluation	41
Compensation Components	41
2016 Programs and Pay Decisions	43
CEO Pay-for-Performance	48
Executive Compensation Process	49
The Role of the Compensation Committee	*49*
The Role of Consultants-Compensation Advisors	*50*
The Role of Management	*50*
Competitive Positioning	*50*
Eagle Bancorp Peer Group	*51*
Eagle Bancorp Peer Group Performance	*52*
Other Compensation Policies	54
Risk Assessment of Incentive Compensation Programs	55
Executive Compensation Plan Risk Assessment	*55*
Non-Executive Compensation Plan Risk Assessment	*56*
Compensation Committee Report	57
Executive Compensation Tables	57

Table of Contents

Employment and Non-Compete Agreements	*60*
Grants of Plan-Based Awards	62
Outstanding Equity Awards at Fiscal Year-End	64
Options Exercised and Stock Vested	65
Employee Benefit Plans	*66*
Equity Compensation Plans	*66*
Pension Benefits	67
Certain Relationships and Related Transactions	*67*
Proposal 2: Ratification of the Appointment of Independent Registered Public Accounting Firm	**69**
Fees Paid to Independent Accounting Firms	70
Audit Fees	*70*
Audit Related Fees	*70*
Tax Fees	*70*
All Other Fees	*70*
Proposal 3: Non-Binding Advisory Vote on Executive Compensation	**71**
Proposal 4: Non-Binding Advisory Vote on Frequency of Executive Compensation Advisory Votes	**72**
Form 10-K Annual Report	**72**
Compliance with Section 16(a) of the Securities Exchange Act of 1934	**73**
Other Matters	**73**
Shareholder Proposals	**73**

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 18, 2017, at The Bethesda Marriott Hotel, 5151 Pooks Hill Road, Bethesda, Maryland 20814. From the Capital Beltway (I-495), take Wisconsin Avenue (Route 355) south to the first traffic light. Turn right onto Pooks Hill Road. The Hotel is on the right.

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

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

1. the election of seven directors for a one year term until the 2018 Annual Meeting of Shareholders and until their successors are duly elected and qualified;

2. the ratification of the appointment of Dixon Hughes Goodman LLP as the Company s independent registered public accountants for the year ended December 31, 2017;

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

4. a non-binding, advisory proposal establishing the frequency of advisory resolutions 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, (see pages 17-19)
- **FOR** the ratification of accountants, (see pages 69)
- **FOR** the nonbinding resolution approving our named executive officer compensation; (see pages 71), and
- **FOR** holding future non-binding advisory votes on the compensation of our executive officers **every year**, (see pages 72).

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 21, 2017, 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 34,110,455 shares of common stock outstanding, held by approximately 16,781 total shareholders, including 955 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.AALvote.com/EGBN and follow the instructions provided;
- by **toll-free telephone**: call 1 (866) 804-9616; 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 the broker instructions as to how the broker should vote your shares by following the instructions you received from

Table of Contents

your broker. 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 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.

Will my broker vote my shares for me?

Under the rules of the New York Stock Exchange (NYSE) applicable to its member firms, your broker will not vote your shares on the election of directors or the advisory resolutions 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 votes your shares.** The election of directors (even if not contested) and the non-binding advisory vote on executive compensation and frequency of such voting 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 Dixon Hughes Goodman LLP;

FOR the non-binding, advisory resolution approving the compensation of our named executive officers; and

FOR holding future non-binding, advisory votes on the compensation of our named executive officers **every year**.

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 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;
- sending written notice to Jane E. Cornett, Corporate Secretary of the Company, 7830 Old

Table of Contents

Georgetown Road, Third Floor, Bethesda, Maryland 20814 at any time prior to the proxy being voted; or

- 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 our Articles of Incorporation and bylaws, directors are elected at the Annual Meeting by a plurality of the votes cast in the election. Since this is not a contested election, nominees who do not receive more votes cast for their election than votes withheld or cast against their election must submit their resignation after certification of the vote. Approval of the proposals to ratify the appointment of our independent register public accounting firm and to approve the nonbinding, advisory resolution on compensation of our executive officers requires the affirmative vote of a majority of the votes cast on such matters. The vote on the frequency of future nonbinding, advisory votes on executive compensation is not an up or down vote on the Board s recommendation.

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 base fee of $5,500, plus per-call fees and 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 or Notice and Access cards. 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 Notice and Access Cards or 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 materials is delivered to multiple shareholders sharing an address. However, this delivery method, called householding, is not 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

Proxy Statement Summary

Introduction

Eagle Bancorp, Inc. is the parent company of EagleBank. 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, including small, medium and large-sized for profit and non-profit businesses and the consumer base working or living in and near the Bank s market area, demand the convenience and personal service that an independent locally-based financial institution such as the Bank can offer. It is these themes of proactive personal and ease of access service that form the basis for the Bank s business development strategies.
Our Mission
We have a mission to be the most respected and profitable community bank. To do this, we put relationships first to the delight of our customers, employees and shareholders and relentlessly deliver the most compelling service and value.
Our Values: Relationships F I R S T
Flexible   We **begin** our relationships based on our time-tested tradition of listening to our customer, collaborating with colleagues and designing a comprehensive, creative solution that brings value to and appreciation from our customer. We enhance the relationship with empowered YES, We Can service and live up to our strong belief that formulas do not make good banking sense, relationships do. We are entrepreneurial it is our differentiator.   ***Involved***

We **build** our relationships by developing a rapport that is based on partnership, mutual respect and a desire to delight. We are unwavering in our commitment to the goals and growth of our customers, colleagues and community through volunteerism. We believe that doing the little extras and staying involved with our customer demonstrates our difference.

Responsive

We **shape** our relationships by taking ownership for being ever-responsive, from beginning to end, day in and day out. We understand that reliable, accurate and time-sensitive communication is fundamental to preserving reputation and relationships, internally and externally.

Strong

We **strengthen** our relationships each time we are called upon for our expertise and know-how. We are committed to enhancing our professional knowledge in order to remain credible, current and strong partners with our customers, colleagues and community. Our history of sustaining a well-capitalized and profitable position emphasizes our strength and reinforces our relationships.

Trusted

We **uphold** our relationships with honesty, openness and reliability. We can be counted on to do the right thing. We understand that underlying a sound, long-lasting relationship is the essential element of trust. Trust can be lost in a moment, so we are vigilant in our actions and words.

Table of Contents

Eagle Bancorp, Inc. at a Glance - 2016

How Did We Perform?	• Assets grew to $6.9 billion. EagleBank is the largest community bank founded in the Washington, DC metropolitan area. • 2016 continued a trend of strong and sustained underlying financial performance across each line of business (diluted EPS growth of 14.4%). • One-year, three-year and five year Total Shareholder Returns (20.8%, 199.0%, and 461.1%) generally outperformed the industry. • Return on Average Assets grew to 1.52% last year.
What Did We Accomplish?	• Achieved market capitalization in excess of $2 billion. • Consummated an offering of $150 million of subordinated debt at best-in-class interest rate of 5.00%.
How Did We Pay our Named Executive Officers (NEOs)?	• Adopted a double trigger provision in our senior executives employment agreements. • Reduced the discretionary component of our Chief Executive Officers incentive plan. • Paid our named executive officers (NEOs) commensurate with 2016 performance and appropriately situated relative to peers. • Added a performance-vested share component to our long term incentive plan.
What are Our Pay Practices and Perspective?	• NEO compensation components are decided through goal-based cash bonuses and equity-based compensation that align our executives interests with shareholder interests. • Executives do <u>not</u> receive any significant special perks or gross-ups. • Compensation is awarded based on strong corporate governance and independent board oversight. • Compensation plans reflect valued feedback from shareholder engagement efforts. • Pay policies are consistent with best practices, including maintaining a sound set of compensation principles, managing our equity awards responsibly and closely monitoring competitors and market opportunities for our executives.

How Do We Address Risk?	• We impose clawback/recovery provisions. • We continue our extensive risk assessment process. • In 2016, we adopted Share Ownership, Anti-Hedging and Pledging Policies.
Why Should our Shareholders Approve our Say on Pay Advisory Vote?	• Our 2016 performance represents outstanding performance compared to our performance goals and peer group performance. (See Peer Tables, pages 51-53) • Pay is commensurate with Company and individual performance, and peers. • Pay programs were revised in 2016 and continue to evolve in 2017 in response to shareholder feedback. • Pay practices and policies are aligned with interests of shareholders. • Pay is subject to extensive risk and control features.

Shareholder Engagement and How We ve Responded

Our Engagement Process

Our Board and management are committed to engaging with our shareholders and soliciting their views and input on important performance, governance, executive compensation, and other matters.

Year-Round Engagement and Board Reporting. Our investor relations team conducts shareholder outreach throughout the year and informs our management and our Board about the issues that our shareholders tell us matter most to them.

Transparency and Informed Governance Enhancements. Our Board regularly reviews our governance practices and policies, including our shareholder engagement practices, with an eye toward continual improvement. Shareholder input is shared with our Board and its committees, facilitating a dialogue that provides shareholders with insight into our governance practices and informs them of our Company s enhancement of those practices. In addition to considering shareholder sentiments, our Board regularly reviews the voting results of our Annual Meetings, the governance practices of our peers and other companies, and current trends in governance.

Table of Contents

The Shareholder Engagement Process

Investor Outreach

We value the opinion of our shareholders and look forward to a continued, open dialogue on compensation and governance matters relevant to our business. Following last year s advisory Say-on-Pay vote, which received the support of over 71% of votes cast, a substantial improvement from the vote in 2015, we continued our enhanced shareholder outreach. This year we reached out to our top 30 shareholders in order to gather feedback regarding our executive compensation program and disclosures, and had substantive discussions with almost half of them. The input we did receive ranged the full spectrum, from being very complimentary to expressing some concern about certain aspects of our compensation plan design.

Some of the positive feedback commented on our meaningful level of insider ownership and alignment with shareholders, with some investors noting having particular comfort that our Chief Executive Officer holds a significant number of shares. (In fact, Ronald D. Paul, our Chairman and Chief Executive Officer, and his family interests own or control shares representing, as of December 31, 2016, over 100 times his 2016 base salary.) He is our third largest shareholder and largest individual shareholder and controls over 5% of the Company. There was general support that total direct compensation, including that of our Chief Executive Officer, aligns with performance. There was also acknowledgement and appreciation of the changes we made prior to last year s annual meeting and those that have been adopted since then.

Table of Contents

On the other hand, some investors expressed a desire for us to adopt a pure double trigger provision in the event of a change in control rather than the modified double trigger we have in our senior executives employment agreements; to reduce the portion of Mr. Paul s cash compensation that is discretionary; and to create the board position of Lead Director.

We also held a conversation with a prominent shareholder advisory firm, to further appreciate its policies and perspectives.

We listened carefully and have made many substantial changes to our compensation and governance practices based on the Say-on-Pay vote and to the subsequent shareholder engagement for 2017 (including relating to 2016) as a result of feedback from our shareholders. Below we summarize the feedback, and how we responded. Greater detail can be found later in this proxy statement, in the Compensation Discussion and Analysis section starting on page 33.

Board and Shareholder Engagement

The Board maintains a process for shareholders and interested parties to communicate with the Board. Shareholders and interested parties may write or call our Board as provided below:

WRITE	CALL	EMAIL	WEB
Corporate Secretary **Eagle Bancorp, Inc.** **7830 Old Georgetown Road, 3rd Floor Bethesda, Maryland 20814**	**(301) 986-1800**	**jcornett@eaglebankcorp.com**	**http://ir.eaglebankcorp.com** **click Contact Us in the upper right hand corner**

WHAT WE HEARD in 2015 and 2016:	WHAT WE DID in 2015 and 2016:
Compensation Program, Practices and Disclosure	
Adopt a **pure double trigger** provision to the employment agreements of senior executives including the Chief Executive Officer.	All senior executive agreements were revised in 2017 to utilize a pure double trigger in the event of a change in control.
Reduce the component of the Chief Executive Officer s incentive plan that is **discretionary** in nature.	The incentive plan of the Chief Executive Officer now provides for only 25% of the award payout to be determined by non-objective factors.
Add a **performance-based component** to our long term incentive plan for executive officers.	In 2016, the Compensation Committee adopted a performance-based component to the Long Term Incentive Plan incorporating performance shares beginning with the 2016 equity grants. Performance shares will vest based on our relative performance as compared to the banks comprising the KBW NASDAQ Regional Banking Index (KRX) over a three year period for: • Earnings Per Share (EPS) growth, • Return on Average Assets (ROAA), and • Total Shareholder Return (TSR). Performance shares awarded in 2017 represent approximately 42.5% of a named executive officer s total equity compensation, up from 35% in 2016. The Compensation Committee expects the weight to increase to 50% of total long term incentive opportunity in 2018.

Table of Contents

The short term Senior Executive Incentive Plan should include **absolute caps on bonuses** eligible to be earned, to minimize the risk of decisions being made at the expense of long term perspectives.	We have adopted caps in the SEIP.
The short term Senior Executive Incentive Plan should not have **a line item for discretionary awards**, although the Compensation Committee always has the right outside of the Plan to exercise its discretion.	We have eliminated the line item inside the SEIP for a discretionary component. (No discretionary awards were made to the named executive officers for 2016 performance.)
The proxy statement should **explain the process of compensation awarded** to each named executive officer in greater detail than in previous years.	This year s proxy statement describes the philosophy and procedures utilized again by the Compensation Committee in making awards.
The proxy statement should not just state whether a **named executive officer s (NEO) goal** was met or exceeded, but include the underlying details and rationale to allow shareholders to independently reach the conclusion that a NEO met or exceeded the stated goal.	This year s proxy statement again includes greater details and the rationale for our pay decisions.
Company directors and all executive officers should be subject to certain **minimum Company stock ownership requirements**, affording each of them time to satisfy the requirement.	In 2016, the Company adopted a policy requiring the following ownership requirements: CEO: 6 times base salary Directors: 3 times annual retainer/base fee Executive Officers: 2 times base salary Directors and executive officers subject to the policy have five years after they commence service to satisfy the requirement; those serving as of the implementation of the policy have until December 31, 2020. See page 15 for current insider ownership levels.

	We note that our CEO is the largest individual shareholder in the Company, with aggregate family holdings as of December 31, 2016 representing over 100 times his 2016 base salary.
Board/Governance Practices	
Positive feedback on our **enhanced proxy disclosure** in 2016.	The 2017 Proxy maintains and increases the level of transparency contained in last year s proxy.
In light of the combined position of Chairman and Chief Executive Officer, the Board should elect a **Lead Director**.	The Board has created the position of Lead Director and the independent Directors elected Compensation Committee Chair Leland Weinstein to the position.
Directors in uncontested elections should require a **majority vote** to be elected.	The Company proposed, and the shareholders approved, an amendment to the Company s Articles of Incorporation in 2016 requiring the resignation of director nominees who do not receive more votes cast for their election than are withheld or cast against their election in an uncontested election.

Table of Contents

Company directors and all executive officers should be subject to a **policy addressing hedging of Company stock**.	The Company adopted a policy prohibiting hedging by directors and executive officers.
Company directors and all executive officers should be subject to a **policy addressing pledging of Company stock.**	The Company adopted a policy limiting pledging by directors and executive officers to one-half of applicable holdings, and that the value of such pledged stock cannot exceed 25% of the person s net worth.
There should be **diversity on the Company Board of Directors**, with an emphasis on gender diversity.	The Company desires to increase diversity on the Company Board of Directors. It uses the EagleBank Board of Directors as a means for directors to learn about EagleBank and the industry, and gain experience and knowledge, with the opportunity to be nominated later for service on the Company Board of Directors. We note the recent addition to the Bank Board of Leslie Ludwig, who joins Joanne Kay DiMeglio, Lynn Hackney and Kathy Raffa as recently elected members. It is our expectation that gender diversity will be achieved on the Company Board in the near future.
We found the shareholder engagement to be a valuable exercise for the Company, and we will continue such efforts during 2017 and beyond.	

Governance Highlights

The Company believes good governance is integral to achieving long term shareholder value. We are committed to governance policies and practices that serve the interests of the Company and its shareholders. The Board of Directors monitors developments in governance best practices to assure that it continues to meet its commitment to thoughtful and independent representation of shareholder interests. The following table summarizes certain corporate governance practices and facts:

ü 6 of our 7 Director Nominees are Independent

ü Active Board Participation in CEO Succession Planning

ü Active Shareholder Engagement

ü Annual Say on Pay Advisory Votes

- ü Annual Board and Committee Evaluation Process
- ü Annual Election of Directors
- ü Board and Committee Authority to Retain Independent Advisors
- ü Board Oversight of Company Strategy
- ü Executive Sessions of Independent Directors
- ü Longstanding Commitment to Corporate Responsibility
- ü Majority Voting for All Directors
- ü No Shareholder Rights Plan (Poison Pill)
- ü Policies Prohibiting Hedging, Short Sales and Limiting Pledging of Company Stock
- ü Policy Providing for Return of Incentive Compensation (Clawback Policy)
- ü Position of Independent Lead Director created
- ü Risk Oversight by Full Board and Committees
- ü Robust Code of Ethics
- ü Share Ownership Requirements for Executives and Directors
- ü Strong Independent Lead Director

Table of Contents

Evolution of Equity Awards

In response to shareholder engagement, the Company enhanced its long term incentive plan to include performance-vested shares, effective in 2016 for the three year period 2016-2018. A similar plan was adopted in 2017 for the three-year period 2017-2019.

	2015	2016	2017
Form of Grant	100% Time-vested restricted stock	35% Performance-vested restricted stock units 65% Time-vested restricted stock	42.5% Performance-vested restricted stock units 57.5% Time-vested restricted stock
Performance Metrics for Long Term Equity Award	N/A	Relative to KRX Index: EPS growth ROAA Total Shareholder Return (TSR)	Relative to KRX Index: EPS growth ROAA Total Shareholder Return (TSR)
Performance Assessment	Company 2014 performance was considered in award grants, but no future performance metrics were included	Average performance relative to the KRX index over a single 3 year period, 2016-2018	Average performance relative to the KRX index over a single 3 year period, 2017-2019
Vesting Period	*Time-vested*: 3 equal annual installments *Performance-vested*: N/A	*Time-vested*: 3 equal annual installments *Performance-vested*: Single 3 year period	*Time-vested*: 3 equal annual installments *Performance-vested*: Single 3 year period

Performance-Vested Shares

For awards of performance-vested shares made in February 2017 relating to 2016 performance, the Company s performance relative to the KRX Index in the following performance measures will determine whether the awards are earned at the end of the 2017-2019 three year period.

Metric	Percentage of Total Award	Threshold	Target	Maximum
Average Annual Earnings Per Share Growth	33 1/3%	Median	62.5% Percentile	75% Percentile
Average Annual Total Shareholder Return	33 1/3%	Median	62.5% Percentile	75% Percentile
Average Annual Return on Average Assets	33 1/3%	Median	62.5% Percentile	75% Percentile
Payout Range (% of Target)	100%	50%	100%	150%

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 21, 2017. 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 (time-vested only) are included in ownership amounts. Except as set forth below, the Company knows of no other person or persons who may 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	Director of Company and Bank	90,124	0.26%
Dudley C. Dworken	Director of Company and Bank	238,050 (2)	0.70%
Harvey M. Goodman	Director of Company and Bank	133,743 (3)	0.39%
Ronald D. Paul	Chairman, President and Chief Executive Officer of Company, Chairman and Chief Executive Officer of Bank	1,731,586 (4)	5.07%
Norman R. Pozez	Director of Company and Bank	45,777 (5)	0.13%
Donald R. Rogers	Director of Company and Bank	107,572 (6)	0.32%
Leland M. Weinstein	Director of Company and Bank	125,840 (7)	0.37%
Other Named Executive Officers			
James H. Langmead	Executive Vice President, Chief Financial Officer of Company and Bank	71,891(8)	0.21%
Antonio F. Marquez	Executive Vice President of Company; EVP, Chief Lending Officer Commercial Real Estate of Bank	22,540 (9)	0.07%
Susan G. Riel	Executive Vice President of Company; Senior Executive Vice President, Chief Operating Officer of Bank	180,293 (10)	0.53%
Janice L. Williams	Executive Vice President of Company; EVP, Chief Credit Officer of Bank	75,690 (11)	0.22%
All Directors and Executive Officers as a Group (13 persons)		2,873,769 (12)	8.39%
Other 5% Shareholders			
BlackRock		1,951,975 (13)	5.80%
Goldman Sachs Asset Management		2,778,284 (14)	8.25%

Vanguard		2,299,424 (15)	6.83%

Table of Contents

Footnotes

(1) Represents the percentage of 34,110,429 shares issued and outstanding as of March 21, 2017, except with respect to (a) individuals holding options exercisable within 60 days of that date, in which event, represents the percentage of shares issued and outstanding plus the number of shares for which that person holds options exercisable within 60 days of March 21, 2017, and (b) all directors and executive officers of the Company as a group, in which case represents the 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 74,461 shares held in a trust of which Mr. Dworken is beneficiary, 23,544 shares held jointly, 34,062 shares held in pension or retirement accounts, 68,092 shares held by relatives sharing the same household and 16,216 shares held by or in trust for the benefit of a member of his family.

(3) Includes shares held jointly with Mr. Goodman s spouse, 3,000 shares held for members of his family, 4,818 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.

(4) Includes options to purchase 52,462 shares of common stock. An aggregate of 219,000 shares are pledged as collateral, which represents approximately 13% of holdings by Mr. Paul and his family. Includes 85,979 shares held by a charitable foundation over which Mr. Paul shares voting and investment power. Includes 15,000 shares held by a defined benefit plan over which Mr. Paul shares voting and investment power. Does not include 169,489 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 outside the bank is c/o Ronald D. Paul Companies, Inc. 4416 East West Highway, Bethesda, Maryland 20814.

(5) Includes 26,164 shares held by pension or retirement plans.

(6) Includes 24,537 shares held for the benefit of Mr. Roger s children and 29,552 shares held by his spouse.

(7) Includes 64,969 shares held jointly and 57,321 shares held in a retirement account.

(8) Includes options to purchase 28,270 shares of common stock and 38,686 shares held in a family trust.

(9) Includes 1,567 shares held jointly with Mr. Marquez s spouse.

(10) Includes options to purchase 41,250 shares of common stock. Approximately 8,170 shares are owned by Ms. Riel and her spouse and pledged as collateral, which represents approximately 5% of holdings by Mr. and Mrs. Riel.

(11) Includes options to purchase 29,260 shares of common stock.

(12) Includes options to purchase 151,242 shares of common stock. An aggregate of 333,175 shares are pledged by members of this group as collateral, which represents 9.88% of their aggregate holdings.

(13) Based solely on beneficial ownership of shares and percentage of outstanding shares as reported in a Schedule 13G filed on January 30, 2017. Blackrock s address is: 55 East 52nd Street, New York, New York 10055.

(14) Based solely on beneficial ownership of shares and percentage of outstanding shares as reported in a Schedule 13G/A filed on January 31, 2017. Goldman Sachs Asset Management s address is: 200 West Street, New York, New York 10282.

(15) Based solely on beneficial ownership of shares and percentage of outstanding shares as reported in a Schedule 13G filed on February 9, 2017. Vanguard Group s address is: 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.

Table of Contents

Proposal 1: Election of Directors

The Board of Directors has nominated seven persons for election as directors at the 2017 Annual Meeting, for a one-year period until the 2018 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.

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.

Nominees for the Board of Directors

Leslie M. Alperstein, Ph.D.
Mr. Alperstein, 74, 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.

Table of Contents

Dudley C. Dworken
Mr. Dworken, 67, is a private investor and real estate developer and the principal of Dworken Associates, LLC. 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, 61, 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.
Ronald D. Paul
Mr. Paul, 61, 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 in 1997. 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 is also active in various charitable organizations, including chairing the Ron & Joy Paul Kidney Center at George Washington University, and serving as the Chairman from 2002 to 2003 of the National Kidney Foundation. 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, DC 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 and in 2014 Mr. Paul was named Community Banker of the Year East Region by the Independent Community Bankers of America. Other honors include: Father of the Year , Entrepreneur of the Year (2009), Washingtonian of the Year (2010), Inducted into the Washington Business Hall of Fame (2012), named Community Banker of the Year by American Banker Magazine (2012), and Montgomery County (Maryland) Business Hall of Fame (2015). Mr. Paul is also a member of the Community Depository Institutions Advisory Council of the Federal Reserve Bank of Richmond and a Director of the Montgomery County Maryland Economic Development Corporation.

Table of Contents

Norman R. Pozez

Mr. Pozez, 62, 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. 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 non- profit organizations serving community needs in and around the Washington, DC metropolitan area. Mr. Pozez served as Chairman of the Board of Fidelity & Trust Financial Corporation (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. Mr. Pozez s qualifications for Board service include over 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.

Donald R. Rogers

Mr. Rogers, 71, 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 principal. 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 13 years he has been Chairman of the EagleBank Foundation, which has raised more than $3 million for the fight against breast cancer and other medical conditions. 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, 54, is currently the CEO of Newbridge-Turing, a technology sales and partnership consulting firm. Previously he was a partner and served as President of Syscom Services, Inc., a technology consulting and integration firm, from 1997 to 2014. In December of 2014 Syscom Services, Inc. s web technologies division was sold to a group of investors and rebranded as Brightfind. Previously, he spent 13 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) and is the past Chair of ASAE s Industry Partner Alliance (IPA). 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 advisory council for EPiserver an Accel/KKR company, a leading developer of content management software for the web. Mr. Weinstein is involved in numerous charities and currently sits on the Foundation Board of Suburban Hospital (John Hopkins Medicine). Mr. Weinstein served on the Eagle Bancorp Founder s Advisory Council when the Company was in formation and 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 CEO of successful technology-based enterprises. 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 levels. Mr. Weinstein is a graduate of the Harvard Business School s OPM program, and holds a bachelor s degree in Industrial Technology/Marketing from the University of Maryland.

Vote Required and Board Recommendation

As this is an uncontested election of directors, our Articles of Incorporation and bylaws provide that directors are elected by a plurality of the votes cast in the election; provided however, that any nominee

Table of Contents

who does not receive more votes cast for such nominee s election than are withheld or cast against such nominee s election, must, immediately after the certification of the shareholder vote relating to the election, submit his or her resignation, subject to acceptance or declination by the board of directors, to be effective upon the first to occur of (i) acceptance by the board of directors or (ii) 120 days after the date of the certification. **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 cause the Company 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.

Thomas E. Burdette

Mr. Burdette, 66, is a managing partner of Burdette Smith and Bish LLC, Fairfax, Virginia and has been an active business leader in the Washington, DC metropolitan area marketplace, particularly with Northern Virginia-based businesses. He is a certified public accountant and a registered investment advisor with over 40 years of experience assisting individuals and businesses. He has also served as director of Virginia Commerce Bank and Potomac Bank of Virginia, and has worked with several other Virginia financial organizations. His financial industry exposure, combined with his professional expertise, is especially valuable to our Northern Virginia banking team, and will provide additional strength for creating client and Bank success in Virginia. A founder and managing shareholder of The Burdette Smith Group PC (BSG) which, in 2012, merged with Bish & Haffey PC to become Burdette Smith & Bish LLC, his specialty is all aspects of tax. Additionally, his experience includes financial reporting services, estate management, and financial advisory services. Burdette has also given expert witness testimony in various states and counties over the years. Early in his career, Burdette was a player s agent for the National Football League. He earned his Bachelor of Arts in Accounting from Catawba College in Salisbury, N.C. Mr. Burdette has served as a director of the Bank since 2015.

Joann Kay DiMeglio

Ms. DiMeglio, 60, has been active in residential, commercial, and multi-family real estate development for more than 35 years. Since 1984, she has been with Kay Brothers Management Company, now JKD Management, LLC, and has spent the last 31 years overseeing renovations, design, financing, and budgeting of commercial, residential, and multi-family properties in the Washington, DC metropolitan area. Ms. DiMeglio holds a Bachelor of Arts degree from George Washington University. Ms. DiMeglio has served as a director of the Bank since 2015.

Steven L. Fanaroff

Mr. Fanaroff, 57, 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.

Lynn Hackney

Ms. Hackney, 51, is CEO and founder of Urban Pace, now part of The Long and Foster Companies. Since its founding in 2001, Urban Pace has been involved in transactions valued in excess of $2 billion, encompassing more than 6,500 condominiums and townhomes. Ms. Hackney is also a Partner at Allyson Capital, an investment firm specializing in equity and debt for residential and commercial real estate properties, and was unanimously elected 2016-18 President of the District of Columbia Building Industry Association (DCBIA), the first woman ever to serve in that capacity. She is a 2015 winner of Smart CEO s Brava Awards. Ms. Hackney holds a certificate from Harvard Business School, a master s degree in business administration from Johns Hopkins University, and a bachelor s of science degree in economics and finance from Virginia Commonwealth University. Ms. Hackney has served as a director of the Bank since 2016.

Table of Contents

Benson Klein
Mr. Klein, 72, has been an attorney practicing primarily in Montgomery County and Washington, DC since 1970, and a principal with Ward & Klein, Chartered, since 1978. Mr. Klein is also engaged in real estate investment activities in Montgomery County and Washington, DC. 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 and National level. He also has served on the Board of Directors and as an Officer of such institutions. Mr. Klein has served as a director of the Bank since its organization.
Bruce H. Lee
Mr. Lee, 52, is President and CEO of 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 is currently the Co-Chair of Economic Development for the Montgomery County Chamber of Commerce, as well as Chairman of Driven to Cure, a non-profit organization dedicated to raising awareness and providing funding for the research of rare kidney cancers in children and young adults. 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.
Leslie Ludwig
Ms. Ludwig, 55, is a Partner and Chairperson of the Management Committee at The JBG Companies. Ms. Ludwig has over 30 years of experience in real estate finance and capital markets. Ms. Ludwig oversees the management of Finance, Accounting, Human Resources, Insurance and Marketing and provides leadership to JBG s diversity initiatives. Prior to joining The JBG Companies in 2002, she was Senior Vice President at Wachovia Bank. Ms. Ludwig is a member of ULI and CREW (Commercial Real Estate Women), on the Investment Advisory Committee for the National Multifamily Housing Corporation, on the Virginia Tech Real Estate Industry Advisory Board and formerly on the Advisory Board of CREW. Ms. Ludwig has a B.A. from Frostburg State University and has served as a director of the Bank since 2017.
Kathy A. Raffa
Ms. Raffa, 58, is an owner-partner and Vice President at Raffa, PC, one of the top 100 accounting firms in the nation, based in Washington, DC. Ms. Raffa is a leader of this woman-owned firm, in which 11 of the 17 partners are women. She oversees the client services for a wide range of non-profit entities, including serving as an audit partner. She also leads a variety of aspects of the firm s internal operations. Prior to Raffa, PC, she spent the first 10 years of her career at Coopers & Lybrand (now PricewaterhouseCoopers). She has a CPA certificate from the District of Columbia and Maryland and is a member of American Institute of Certified Public Accountants. She currently serves as a trustee on several boards, including Trinity Washington University where she chairs the Audit Committee, the advisory board of Levine Music, where she was formerly the Board Chair, and the Federal City Council. Ms. Raffa holds a Bachelor of Science in Economics from the Wharton School at the University of Pennsylvania. Ms. Raffa has served as a director of the Bank since 2015.
James A. Soltesz
Mr. Soltesz, 62, has served as Chief Executive Officer of Soltesz, Inc., an engineering and consulting firm, since 1997. Mr. Soltesz served 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. Mr. Soltesz co-chaired Governor Hogan s Regulatory Reform Commission from 2014 to 2016. Mr. Soltesz chairs the Montgomery County Executive Business Advisory Board. His firm includes 200 people located in six offices throughout the Washington, DC metropolitan area. Mr. Soltesz has served as a director of the Bank since 2007. Mr. Soltesz has an M.B.A. from the University of Cincinnati, an M.S. in Civil Engineering from Georgia Institute of Technology and a B.S. in Civil Engineering from Purdue University.

Table of Contents

Benjamin M. Soto

Mr. Soto, 48, 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 is a former Board Director 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 Board Director of the DC Chamber of Commerce, the DC Land Title Association, the DC Public Education Fund, National Foundation for Affordable Housing Solutions, Inc. and the Georgetown Day School. Mr. Soto has served as a Director of the Bank since 2006.

Board Leadership Structure

The roles 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 our 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. While each of the other directors brings unique experience, oversight and expertise from outside the Company and its industry, Mr. Paul s company-specific experience and expertise allow him to most effectively direct Board discussions and focus Board decision-making on those items most important to the Company s long term continued success. 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. We also note Mr. Paul s significant stock ownership in the Company.

Based on shareholder feedback, in 2016 the Board created the position of **Lead Director**. Leland Weinstein, Chair of the Compensation Committee, was elected Lead Director by the independent directors. The Board believes that the Lead Director structure, including the duties and responsibilities set forth below, provides the same independent leadership, oversight and benefits for the Company and the Board that would be provided had the Board had an independent Chairman.

In addition to conducting an annual review of the Chief Executive Officer s performance, the independent Directors meet in executive session and discuss management s performance and formulate guidance and feedback, which the independent Lead Director provides to the Chief Executive Officer and other members of management. The Lead Director s responsibilities include:

- Chair all meetings of the Board in the Chairman s absence, including executive sessions;
- Serve as liaison between the Chairman and the independent Directors;
- Consult with the Chairman on and have input on meeting agendas and schedules and information sent to the Board;
- Consult with the Chairman on other matters pertinent to the Company and the Board;
- Call meetings of the independent Directors, when appropriate; and
- Lead the Board s annual evaluation of the Chief Executive Officer.

The Board will periodically review the Lead Director s responsibilities to ensure that these responsibilities enhance its independent oversight of the CEO and management and the flow of information and interactions between the Board, management, and other Company personnel. In this respect, the Lead Director and Chairman collaborate closely on Board meeting schedules and agendas and information provided to the board. These consultations and agendas and the information provided to the board frequently reflect input and suggestions from other members of the Board and management.

Table of Contents

Board and Committee Oversight of Risk

One of the many duties of your Board is to oversee the Company s risk management policies and practices to ensure that the appropriate risk management systems are employed throughout the Company. The Company faces a broad array of risks, including market, operational, strategic, legal, and financial risks. 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. The Board exercises its role of risk oversight in a variety of ways, including the following:

Board of Directors	• Monitors overall corporate performance, the integrity of financial and other controls, and the effectiveness of the Company s legal, compliance and enterprise risk management programs, risk governance practices, and risk mitigation efforts. • Oversees management s implementation and utilization of appropriate risk management systems at all levels of the Company. • Reviews risks in the context of the Board s annual strategic plan and the annual budget review. • Receives reports from management on and routinely considers critical risk topics, including: operational, financial, regulatory, strategic, security, personnel, legal, reputational, and technology/cybersecurity.
Audit Committee	• Assists the Board in fulfilling its oversight of financial risk exposures and implementation and effectiveness of the Company s compliance programs. • Discusses the Company s policies with respect to financial risk assessment and financial risk management. • Meets with the Company s Chief Audit Executive and receives reports from the Chief Risk Officer regarding audit policies and procedures and internal controls. • Meets with and reviews reports from the Company s independent registered public accounting firm and internal auditors. • Reports its discussions to the full Board for consideration and action when appropriate.
Governance and Nominating Committee	• Assists the Board in fulfilling its oversight of risks that may arise in connection with the Company s governance structures and processes. • Conducts an annual evaluation of the Company s governance practices. • Evaluates director performance. • Reports its discussions to the full Board for consideration and action when appropriate. • Determines compensation of non-employee Directors.
Compensation Committee	• Assists the Board in fulfilling its oversight of risks that may arise in connection with the Company s compensation programs and practices.

	• Reviews the design and goals of the Company s compensation programs and practices in the context of possible risks to the Company s financial and reputational well-being. • Reviews the Company s strategies and supporting processes of management succession planning, leadership development, and executive retention. • Reports its discussions to the full Board for consideration and action when appropriate.

The Board of Directors has adopted written charters of the Audit, Governance and Nominating, and Compensation Committees. Copies of the Committees charters can be found at http://ir.eaglebankcorp.com/govdocs.

Table of Contents

Meetings, Committees, and Procedures of the Board of Directors

Our Board of Directors met nine (9) times during 2016. All members of the Board of Directors of the Company attended at least 75% of the meetings held by the Board of Directors and all committees on which such member served during the 2016 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, 2016, 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	X
Ronald D. Paul			
Norman R. Pozez	X	X	**C**
Donald R. Rogers			
Leland M. Weinstein	X	**C**	X
Number of Meetings in 2016	5	3	2
C = Denotes 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. 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 minimis* exception is met. To qualify for the *de minimis* 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.

Compensation Committee

The Compensation Committee makes determinations with respect to salary levels, bonus compensation and equity compensation awards for executive officers, among others. The Compensation Committee has the sole responsibility for determining executive compensation, including that of the named executive officers, and for establishing compensation philosophy. Each of the members of the Compensation Committee is independent, as determined under the definition of independence adopted by NASDAQ for compensation committee members in Rule 5605(d)(2)(A). The Committee is also responsible for succession planning for the Company and the Bank.

For further information on the role of the Committee, see page 49.

During 2016, the Compensation Committee retained and worked with Compensation Advisors, formerly known as Meyer-Chatfield Compensation Advisors Compensation Advisors), an executive compensation and benefits consulting firm of national scope and reputation, to advise it in connection with executive compensation decisions for 2016.

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, the evaluation of sitting directors and the setting of compensation for directors.

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 Governance & 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, but strongly recognizes the benefits of having directors with diverse backgrounds and perspectives. In the last several years, four female Directors have been named to the Bank Board. The Company expects to achieve gender diversity of the Board in the near future. 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 Governance & Nominating 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 to consider candidates proposed by shareholders.

Table of Contents

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. Formal evaluations are conducted biannually.

Risk Management

Your Board takes risk management very seriously. As a bank and as a public company, it is particularly prudent to do so.

Our risk management continues to evolve and become more and more robust. For the 18+ years we have been in existence, the Company has always focused on risk and its management, and our performance to date evidences our ability to do so effectively. Risk management is, and always will be, a responsibility of the Board itself. The Company has a number of management committees, discussed below, that work on risk management, but to date there has not been a Committee of the Board to which the responsibility has been delegated. The entire Board continues to act as a committee of the whole on risk management. Bank Board Committees such as Director Loan Committee and Credit Review Committee are further examples of our risk management activities.

Management tackles its responsibility in two ways: top down and bottom up. Senior executives and other key executives meet regularly to review and discuss risk management, with updates, a dashboard and unbridled discussion. We also have a committee, comprised of certain managers and representatives of Senior Staff, that seeks to identify and address issues with the people who are in the trenches. This ensures that we consider risks and how to mitigate them both from the 50,000 foot view and from the weeds .

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 Director Compensation and 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.

Shareholder Communications

If you wish to communicate with the Board of Directors or an individual director, you can write to (a) Eagle Bancorp, Inc., 7830 Old Georgetown Road, Bethesda, Maryland 20814, Attention: Jane E. Cornett, Corporate Secretary, or (b) email to jcornett@eaglebankcorp.com, (c) call (301) 986-1800 or (d) at www.ir.eaglebankcorp.com, and click Contact Us in the upper right hand corner. 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.

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 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 2016 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 and the auditors report on internal controls included in the Company s Annual Report on Form 10-K;

2. discussed with Dixon Hughes Goodman LLP, 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. received the written disclosures and letter from Dixon Hughes Goodman LLP 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 Dixon Hughes Goodman LLP, 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, 2016. The Audit Committee has also considered whether the amount and nature of non-audit services provided by Dixon Hughes Goodman LLP is compatible with the auditor s independence.

Members of the Audit Committee

Dudley C. Dworken, Chairman

Leslie M. Alperstein	Norman R. Pozez	Leland M. Weinstein

Table of Contents

Director Compensation

The following table sets forth information regarding compensation paid to non-employee directors of the Company during the year ended December 31, 2016 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.

2016 Component	Amount ($)
Annual Cash Retainer Company	$10,000
Annual Cash Retainer Bank	$ 5,000
Annual Committee Chair Retainer Fees:	
• Audit	$15,000
• Compensation	$15,000
• Governance	$ 5,000
Board or Committee Per Meeting Fee Company	$ 1,500 - $3,000
Board or Committee Per Meeting Fee Bank	$ 750 - $1,500

Name	Fees Earned or Paid in Cash	Stock Awards(1)	Option Awards(2)	All Other Compensation	Total
Leslie M. Alperstein, Ph.D.	$55,350	$123,831	$--	$6,020(4)	$185,201
Dudley C. Dworken	$106,000	$123,831	$--	$3,869(4)	$233,700
Harvey M. Goodman	$49,500	$123,831	$--	$2,808(4)	$176,139
Robert P. Pincus(3)	$718,613	$246,675	$--	$44,810(4)(5)	$1,010,098
Norman R. Pozez	$52,500	$123,831	$--	$2,858(4)	$179,189
Donald R. Rogers	$33,750	$123,831	$--	$4,810(4)	$162,391
Leland M. Weinstein	$82,750	$123,831	$--	$2,023(4)	$208,604

(1) Represents the grant date fair value of shares of restricted stock awarded during 2016. At December 31, 2016, the non-employee directors had unvested shares of restricted common stock as follows: Mr. Alperstein 6,231 shares; Mr. Dworken 6,231 shares; Mr. Goodman 6,231 shares; Mr. Pincus -0- shares; Mr. Pozez 6,231 shares; Mr. Rogers 6,231 shares; and Mr. Weinstein 6,231 shares.

(2) At December 31, 2016, there were no outstanding option awards, vested or unvested, held by non-employee directors.

(3) Mr. Pincus retired from the Board of Directors of the Company and the Bank as of December 31, 2016.

(4) Premiums on long term care insurance provided to non-employee directors.

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

During 2016 each non-employee director of the Company, other than Mr. Pincus, received annual retainers of $15,000 in cash in the aggregate, for service as 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 earn a retainer of $15,000 and meeting fees of $3,000, instead of $1,500. The chair of the Governance and Nominating Committee received a retainer of $5,000 and 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 2016. In 2016, an aggregate of $324,250 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 $159,750 in cash retainers and meeting fees was paid to members of only the Board of Directors of the Bank for such service. In March 2016, each non-employee director of the Company other than Mr. Pincus was awarded 2,510 shares of restricted stock, Mr. Pincus received an award of 5,000 shares of restricted stock. Each non-employee director serving only on the Bank Board of Directors received an award of 725 shares of restricted stock. All of these awards vest in three annual installments commencing on the first anniversary of the date of grant.

For 2017, director cash compensation rates are unchanged except that the Chair retainer fee for Governance and Nominating Committee is $15,000 and Board or Committee Per Meeting Fees for the Bank start at $1,000 and certain Committee Chairs receive $1,500. The Lead Director shall receive a retainer of $25,000.

Until his retirement as of December 31, 2016, Mr. Pincus, the Company and Bank were parties to an agreement pursuant to which he served as Vice Chairman of the Board of Directors of the Company and Bank. Under that agreement, Mr. Pincus received an annual payment, in lieu of all other cash fees for service on the Board of Directors. During 2016, this payment was $554,131 (payable in monthly installments). Mr. Pincus was also eligible to receive incentive bonuses pursuant to Board approved plans, and $40,000 of reimbursements. In connection with his retirement, Mr. Pincus, the Company and the Bank entered into an agreement providing for continued payments to Mr. Pincus for a period of 24 months subject to his continued compliance with the confidentiality, non-compete and non-solicitation provisions of the agreement. The agreement provides that and for a period of 36 months, Mr. Pincus will not in any capacity: (i) provide any advice, assistance or services to another 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 or Company has engaged in within the two prior years 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 fifty mile radius of the location of any office of the Company or Bank or their affiliates, or sell or solicit sales of competitive products within such area; 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

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.

Table of Contents

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, 60, 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 metropolitan 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 and was named 2016 USA Real Estate Lawyer of the Year by *Finance Monthly* magazine.

James H. Langmead, CPA (retiring April 2017)

Mr. Langmead, 67, 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 45 years of experience in the commercial banking industry.

Charles D. Levingston, CPA (effective April 2017)

Mr. Levingston, 37, Executive Vice President and Chief Financial Officer of the Bank and Company as of April 2017, most recently served as Executive Vice President of Finance at the Bank. Mr. Levingston, a Certified Public Accountant, served in various financial and senior management roles at the Bank prior to his current role. Mr. Levingston joined the Bank in January 2012, and previously worked at The Federal Reserve Banks of Atlanta and Philadelphia as a commissioned Bank Examiner, and at PriceWaterhouseCoopers as a Manager in the Advisory practice. He has over 16 years of experience in the banking industry.

Antonio F. Marquez

Mr. Marquez, 58, Executive Vice President and Chief Lending Officer - Commercial Real Estate of the Bank and Executive Vice President of the Company, joined the Company in August 2011. Mr. Marquez has over 30 years of experience in the banking industry. Prior to joining the Company, 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.

Lindsey Rheaume

Mr. Rheaume, 56, Executive Vice President and Chief Lending Officer Commercial and Industrial of the Bank and Executive Vice President of the Company, joined the Company in December 2014. Prior to joining the Company, he served as relationship executive for JPMorgan Chase, responsible for business development in the Washington, DC, suburban Maryland and Northern Virginia market. Previously, he served as Executive Vice President and Commercial Lending Manager at Virginia Commerce Bank, which was acquired by United Bankshares, Inc. in 2014, where he managed the bank s entire commercial and industrial lending activities. Earlier in his career, he held various senior commercial lending, credit, and leadership positions with SunTrust Bank, GE Capital and Bank of America.

Table of Contents

Susan G. Riel
Ms. Riel, 67 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 35 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, 60, Executive Vice President and Chief Credit Officer of the Bank and Executive Vice President of the Company, has served with the Company 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

Open Letter from Compensation Committee Chairman

Dear Reader,

The Company is proud to be part of your portfolio and the Compensation Committee thanks you for your continued support.

The Compensation Committee is composed solely of independent Directors.

It is our responsibility to design and execute competitive compensation programs that further the interests of shareholders and demonstrate strong pay-for-performance. It is also our responsibility to ensure that your views on executive compensation are heard and considered. As reported elsewhere in this proxy statement, management engaged in meaningful shareholder engagement during the past year.

We adopted a number of key changes to our compensation plan design and the following Compensation Disclosure & Analysis is a direct result of the feedback we received after the 2015 and 2016 Say-on-Pay votes and the ensuing shareholder engagement. The compensation program is more formulaic in design and includes performance-vested shares. Some components were adopted immediately in full (such as adopting a pure double trigger in the event of a change in control) while others are being phased in over several years (such as the ratio of performance-vested share awards to time-vested share awards.)

With this year s disclosures, we seek to be transparent in describing our compensation practices, including the disclosure of actual performance on the various metrics measured in our Senior Executive Incentive Plan, enabling you to see for yourself how our named executive officers fared versus the applicable metrics.

The following Compensation Disclosure and Analysis reflects the insightful shareholder engagement process we engaged recently. We look forward to continuing those efforts and considering such input in 2017 and beyond.

Leland M. Weinstein

Chairman, Compensation Committee

Table of Contents

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (*CD&A*) provides information about the 2016 compensation for our Chief Executive Officer, Chief Financial Officer and our next three most highly-compensated executive officers in 2016:

- **Ronald D. Paul**, our President and Chief Executive Officer (and Chairman);
- **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 Executive Vice President and Chief Credit Officer.

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

This Compensation Discussion and Analysis describes our executive compensation program for 2016. It also describes how the Compensation Committee (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

Record Setting Performance

2016 Financial Results and Operating Highlights

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 Company was formed by a group of local businessmen, including our CEO, Ronald Paul, 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 Company has a long history of sustained high performance. The Company has achieved a streak of 32 consecutive quarters of record earnings. As shown in the graph below, our total shareholder return continues to outperform the NASDAQ composite and bank indices, the S&P Market Index and the KBW NASDAQ Regional Banking Index over the most recent five year period.

Table of Contents

	Period Ending					
Index	**12/31/11**	**12/31/12**	**12/31/13**	**12/31/14**	**12/31/15**	**12/31/16**
Eagle Bancorp, Inc.	100.00	137.35	231.73	268.72	381.82	461.11
NASDAQ Bank	100.00	118.69	168.21	176.48	192.08	265.02
NASDAQ Composite	100.00	117.45	164.57	188.84	201.98	219.89
S&P 500	100.00	116.00	153.57	174.60	177.01	198.18
KBW NASDAQ Regional Banking	100.00	113.25	166.31	170.34	180.41	250.80

The Company continues to show increasing net income, revenue and earnings per share. Tangible book value per share also continues to show strong growth over one, three and five years.

Table of Contents

This performance continues the Company s historical trend of ongoing improved performance, with increased earnings for 32 consecutive quarters -- dating to 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 Net Income: 32%**

- **5-Year CAGR of Revenue: 20%**
- **5-Year CAGR of Earnings Per Diluted Share: 22%**
- **5-Year CAGR of Tangible Book Value Per Share: 18%**
- **5-Year CAGR of Deposits: 19%**
- **5-Year CAGR of Loans: 23%**

Table of Contents

Compensation Changes in Response to Shareholder Feedback

We continued our enhanced investor outreach in 2016. We contacted our 30 largest institutional shareholders and substantively engaged with almost half of them since the 2016 Annual Meeting. We appreciate the perspectives our shareholders have on our compensation program and practices and have implemented a number of changes to our program going forward. We remain committed to providing compensation that motivates and rewards our corporate success and the success of our shareholders. We believe the adjustments made in response to shareholder feedback will enhance that effort. We began implementing some of the changes in 2015 and continued in 2016; additional enhancements have been implemented in 2017. Below is a summary of key elements of our newly designed compensation program:

Compensation Practice	**New Eagle Bancorp Policy/Program**
Double Trigger in the event of a change in control	The senior executives employment agreements contained modified double trigger provisions in the event of a change in control. We replaced those provisions with a pure double trigger clause.

Table of Contents

Pay for Performance	We require that a portion of total direct compensation be based on future performance. During 2015, we eliminated the discretionary component, incorporated caps and paid formula-based cash incentives under our Senior Executive Incentive Plan. The Compensation Committee considered performance relative to our strategic plan and budget as well as relative to peers in making pay decisions for our executives. During 2016, we added performance-vested awards to our long term incentive program.
CEO Discretionary Component of Incentive Plan	Based on shareholder feedback, we reduced to 25% the portion of our CEO s incentive plan that is based on non-objective components.
Long Term Performance-Based Incentive	Our historic practice was to grant time vested restricted stock in February of each year based on an in-depth review of Company and Individual performance for the prior year. However, based on feedback from shareholders, we modified our equity award program for executive officers to include forward-looking performance-vested stock share awards in addition to the time-vested awards. This new program was in effect for our February 2016 and February 2017 grants.
Robust Stock Ownership Policy	We adopted a policy mandating ownership by the CEO, directors and executive officers, based on a multiplier of their respective base salary or annual retainer.
Prohibit Hedging of Company Stock	We adopted a policy prohibiting executive officers and members of the Board of Directors from engaging in transactions intended to hedge or offset the market value of Company stock owned by them.
Restrict Pledging of Company Stock	We adopted a policy restricting the amount of Company stock executive officers and members of the Board of Directors may pledge as collateral.

2016 Advisory Vote on Executive Compensation

At our 2016 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, 71% of the votes cast were voted in approval of the compensation of the named executive officers. These results represent a 48% increase in the proportion of votes cast in favor of our executive compensation program compared to our 2015 Say-on-Pay vote of 48%.

As a result of 2015 s advisory Say-on-Pay vote, we enhanced our shareholder outreach efforts beyond those that had been made for the past several years. In 2016, we again contacted each of our 30 largest institutional shareholders in order to gather feedback regarding our executive compensation program and disclosures, and had substantive discussions with almost half of them. The objective was to identify shareholder concerns and potential areas for modifying our executive compensation program.

Some shareholders appreciated our pay-for-performance alignment and valued the level of insider ownership, particularly that of our Chief Executive Officer, who holds a significant number of shares. (In fact, Mr. Paul, our Chairman and Chief Executive Officer, and his family interests own or control shares representing as of December 31, 2016 over 100 times his 2016 base salary.) On the other hand, some investors expressed a desire for us to be less discretionary within our CEO s incentive plan, utilize a pure double trigger in senior executives employment agreements, and generally to maintain our increased disclosures on how the Compensation Committee made its decisions.

We also held conversations with a prominent shareholder advisory firm, to further appreciate its policies and perspectives.

The Compensation Committee considered the input of investors and advisory firms and made significant changes to its programs as summarized above.

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.

Table of Contents

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. Proposal 4 seeks shareholder approval of that frequency.

Compensation Philosophy

We design our executive compensation program to be driven by performance, rewarding our executives for creating value for shareholders, and represent strong governance. The following sets forth the best practices that we adhere to in designing and determining our executive compensation.

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 compensation opportunities that provide the ability to vary pay in line with performance.
- 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.

The Compensation Committee seeks to target executive total compensation commensurate with performance by the Company and the individual. Our goal is to provide pay for performance through annual and long term incentives that reward a combination of strategic and financial achievements as well as our performance relative to industry peers. The Compensation Committee annually considers the Company s performance when setting pay. Goals for specific components include:

- Base salaries for executives are generally targeted at the 50th percentile of high performing peers with variation reflective of each executive s role, performance, experience and contribution.

- The Senior Executive Incentive Plan targets cash compensation to align with performance. High performance is expected to result in pay that is aligned with our performance relative to peers/industry. Performance below goals and peers is designed to result in pay below median.

- Long term incentives in the form of time-vested restricted stock have historically been granted based on a look-back on the prior year s performance. The Compensation Committee believes that time-based vesting incentivizes retention, supports our ownership goals and encourages shareholder alignment. Time-vested equity is awarded when target goals are met, with the potential for higher awards when goals are exceeded.

- In 2016, we added a component of long term incentive that provides performance-vested restricted stock units (occasionally referred to as PRSUs) that will vest based on future Company performance relative to specific financial metrics as compared to the KBW NASDAQ Regional Banking Index (KRX) over a three-year timeframe.

- Benefits and perquisites are not a significant component of total 2016 compensation.

The Compensation Committee is committed to tying compensation to performance and ensuring that compensation, both cash and equity, is commensurate with our financial results and ranking relative to peers. The Committee believes the Company s current executive team is of extremely high caliber and contributed significantly to the Company s strong historical growth and impressive continued performance. As indicated in the Executive Summary, the Company has consistently exceeded peer performance, and our total shareholder return exceeded bank and broader industry indices (e.g. S&P, NASDAQ). Rewarding, motivating and retaining a strong executive team is critical to the continued success of the Company. The Compensation Committee is confident that its decisions provide compensation commensurate with performance.

Table of Contents

Our Compensation Drivers

In determining compensation levels, we utilize five key drivers:

- Incentive plans are designed to encourage achievement of our strategic business goals and reinforce our business values. All our incentive pay programs and decisions are filtered through the perspective of ensuring sound compensation practices that do not encourage inappropriate risk-taking or result in excessive compensation.

- Pay levels should be fair and internally equitable. Fairness is vital in all compensation programs and results. We do not discriminate in the creation or implementation of pay programs. Pay is based on demonstrated performance, skills, commitment and results.

- We pay for performance and the attainment of our vision, business strategy, operating imperatives and results. A meaningful percentage of overall executive compensation is based on Company and individual performance. Our compensation programs are geared to performance as the basis of determining pay. Our incentive plans are designed to drive prudent individual and enterprise performance.

- We recognize the impact of the individual. Not all positions have the same level of responsibilities, require the same skills and qualifications or have the same effect on the Company. Our compensation programs enable us to reward both Company results and individual performance in furtherance of our philosophy of being fair and paying for performance and thus motivate our officers to perform and succeed as reflected in our stated goals.

- We are mindful of the market. The market sets the framework for opportunity. Then it is Company and individual achievements that drive the payouts and awards. We seek to provide market-based compensation commensurate with performance, to attract and retain top executive talent, while providing value to shareholders.

Our Pay Mix

The cornerstone of our executive compensation program is competitive pay for demonstrated performance. We seek to ensure that the compensation received by our executives is aligned with our performance, and that a meaningful portion of our executives   pay is contingent on the achievement of annual and forward-looking long term performance goals that drive our success as a Company and accordingly, add value for our shareholders.

For example, our CEO 2016 target and actual compensation mix is shown below:

Table of Contents

Table of Contents

CEO Evaluation

The independent Directors, under the leadership of Lead Director and Chair of the Compensation Committee Lee Weinstein, evaluated the performance of the Chief Executive Officer. The highlights of the evaluation are:

- Mr. Paul is an **outstanding visionary, with extraordinary leadership qualities**, both within the Company and throughout the community and industry. He is able to quickly determine an approach to be taken in almost any situation that arises. He continues to identify and oversee implementation of Company and bank strategic objectives, while remaining facile as circumstances change.

- He has led the Company such that we have **consistently outperformed peers** in numerous categories (including loan growth, deposit growth, net interest margin, return on average assets, and efficiency ratio).

- Mr. Paul successfully leads Company efforts to raise **additional capital as needed**. In 2016, the Company s $75 million effort to raise subordinated debt resulted in an aggregate $150 million issuance, at the extremely favorable rate of 5%.

- Mr. Paul is **the face of EagleBank**, throughout our footprint and with the government (federal, state and local) and the metropolitan area business community. He has been asked to testify before various government branches and agencies.

- He has and continues to **build strong relationships** inside and outside the Company, including with government officials and regulators. Mr. Paul is well respected by community and banking leaders, investors, customers, directors and the entire staff.

Compensation Components

The key components of our 2016 executive compensation program for all named executive officers consisted of a base salary, the SEIP, a Long Term Incentive Plan, a 401(k) Plan, and except for Mr. Paul, a nonqualified supplemental executive retirement benefit program. The Committee typically reviews and determines executive compensation in the first quarter of the year. However, due to circumstances that arise during the year, the Committee may adjust or approve a compensation component at other times during the year, as warranted.

The following table outlines the major elements of 2016 total compensation for our NEO s:

Compensation Element	Purpose	Link to Performance	Fixed/ Performance-Based	Short/Long Term
Base Salary	Helps attract and retain executives through market-competitive base pay	Reflects individual experience, performance and contribution of each executive	Fixed	Short Term
Annual Cash SEIP	Encourages achievement of short term strategic and financial performance	Based on achievement of short term, predefined corporate performance	Performance-Based	Short Term

		metrics that create long term shareholder value	objectives and an assessment of individual performance			
	Benefits and Perquisites	Establishes limited perquisites in line with market practice, as well as health and welfare and 401(k) benefits on the same basis as our general employee population	N/A	Fixed	Short Term	

Table of Contents

Long Term Incentive	Aligns executives interests with shareholders, motivates and rewards long term sustained performance, and creates a retention incentive through multi-year vesting	Award amount is determined by the Compensation Committee based on Company and individual performance A portion of the award is contingent on future 3-year performance	Performance-Based	Long Term
Senior Executive Retirement Plan	Provides income security into retirement and creates a retention incentive through multi-year vesting	N/A	Fixed	Long Term

Pay Practices are Aligned with Compensation Philosophy

We believe the effectiveness of our compensation program is dependent upon the alignment of our pay practices with our compensation philosophy. The table below illustrates this strong alignment and further underscores our commitment to maintaining an executive compensation program that is consistent with best practice.

STRONG ALIGNMENT WITH SHAREHOLDERS (WHAT WE DO)	
Compensation philosophy We believe our compensation philosophy promotes a best practice approach to compensation, including: (i) tying pay to performance and aligning with shareholder interests; (ii) attracting, retaining, and properly motivating top talent; (iii) integrating risk with compensation; (iv) maintaining strong governance; and (v) transparency.	**Hedging/pledging policy** Senior executives are prohibited from any hedging of our shares, unvested restricted stock, or unexercised options, including: through short sales. Senior executives are prohibited from pledging more than 50% of their shares as collateral and such shares can not represent more than 25% of such executive s net worth.
Pay at risk The majority of NEO compensation is at-risk and contingent on achievement of business goals that are integrally linked to shareholder value and safety and soundness.	**Strong clawback policy** The Company reserves the right to clawback compensation (cash and equity) based on materially inaccurate financial statements, or whenever required by applicable law, regulation, or exchange listing standard.
Strong use of variable compensation in deferred equity. Significant portions of NEO variable compensation is deferred in Company common stock that vests over a 3-year period. Value of equity at vesting is based on stock price at that time (in addition to achievement of pre-established goals for PRSUs).	**Competitive benchmarking** To make informed decisions on pay levels and pay practices, we benchmark ourselves against our peer group of highly performing, similarly situated banks. We believe external market data is an important component of maintaining pay practices that will attract and retain top talent, while driving shareholder value.
Risk events impact pay In making pay decisions, we consider material risk and control issues, and make adjustments to compensation, if appropriate.	**Responsible use of equity** We manage our equity program responsibly, using only approximately 0.42% of weighted average diluted shares in 2016.

Strong share ownership guidelines	Shareholder outreach
Senior executives, including NEOs, are required to own a minimum of shares of our common stock with a value equal to twice their base salary; the CEO must own a minimum of six times his base salary.	Each year, we solicit feedback from our shareholders on our compensation and governance programs and practices. The Compensation Committee considers this feedback when making compensation decisions.

Table of Contents

2016 Programs and Pay Decisions

2016 was another outstanding performance year for the Company, as we exceeded our financial objectives and ranked among the top percentile of our industry peers on many fronts. Our 2016 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 the Compensation Committee s decision-making. In addition to financial performance, the Compensation Committee also takes into account risk management practices within the organization, including results of federal and state regulatory examinations and internal control matters that may arise from internal and independent audits throughout the year.

In making pay decisions, the Compensation Committee reviews Company, peer and individual performance as well as the results of market survey data prepared by Compensation Advisors,, the Compensation Committee s outside compensation consultant. Below is a summary of our 2016 compensation programs and pay decisions with respect to the compensation of the named executive officers:

- ***Base Salaries***

The Compensation Committee believes that base salaries for named executive officers should be targeted at market competitive levels, generally at the 50th percentile. Base salaries are reviewed annually and adjusted based on our review of market data and assessment of individual executive performance.

Named Executive Officer	2016 Base Salary	2017 Base Salary
Ronald D. Paul	$889,472*	$906,743
James H. Langmead	$425,429	$467,972
Antonio F. Marquez	$368,056	$397,500
Susan G. Riel	$478,806	$502,746
Janice L. Williams	$391,758	$407,428

*Includes $25,907 in cost of living adjustment.

- ***Senior Executive Incentive Plan***

The SEIP was established to reward our executives for achieving or exceeding predefined performance goals. In 2016, all named executive officers participated in the SEIP. Under the SEIP, an executive is eligible to earn an award based on achievement of Company and individual performance objectives. In response to investor feedback we eliminated the discretionary component of the SEIP, incorporated a formulaic approach and implemented caps (or maximum payouts) for the 2016 plan.

The Compensation Committee defines performance measures and goals for each executive. The performance measures support our strategic plan and are allocated to executives to create accountability and ensure rewards are tied to our financial and strategic success. The performance measures and weights applicable to our named executive officers are summarized in the table below:

Table of Contents

	2016 Performance Measure	Mr. Paul	Mr. Langmead	Mr. Marquez	Ms. Riel	Ms. Williams
1	Adjusted Net Operating Income (available to common shareholders)	25%	15%		20%	
2	Average Core Deposit Growth (CRE)			20%		
3	Charge-Offs					30%
4	Dept/Individual Performance	25%	25%	25%	20%	20%
5	Efficiency Ratio		20%		20%	
6	Efficiency Ratio vs. KRX Median	15%				
7	EPS Growth vs. KRX Median	20%				
8	Net Interest Margin		15%	25%		
9	Non-Interest Expenses (Salaries, Benefits, Other Expenses)				20%	20%
10	Nonperforming Assets					30%
11	Return on Common Equity	15%				
12	Strategic Alignment		25%		20%	
13	Total CRE Loan Production (Average Balance)			30%		

Specific performance goals, and a range of performance for each measure are defined at the start of the performance period. Below we summarize the performance ranges for each measure, actual performance and the payout percentage used to calculate the incentive payout for each named executive officer.

	Performance Measure	Threshold	Target	Target Plus	Actual Performance (Adjusted)
1	Adjusted Net Operating Income (available to common shareholders)	$80,979,757	$95,270,302	$109,560,847	$100,097,278
2	Average Core Deposit Growth (CRE)	$60,180,000	$70,800,000	$81,420,000	$208,184,000
3	Charge-Offs	$14,023,736	$12,194,553	$10,365,370	$4,944,908
4	Efficiency Ratio	48.68%	42.33%	35.98%	39.51%
5	Efficiency Ratio vs. KRX Median	58.50%	54.79%	51.18%	40.04%
6	EPS Growth vs. KRX Median	6.44%	9.77%	15.19%	14.40%
7	Net Interest Margin	3.57%	4.20%	4.83%	4.25%
8	Non-Interest Expenses (Salaries, Benefits, Other Expenses)	$143,182,315	$124,506,361	$105,830,407	$113,940,901
9	Nonperforming Assets	$55,063.319	$47,881,147	$40,698,975	$20,568,718
10	Return on Common Equity	8.41%	9.17%	9.88%	12.27%
11	Total CRE Loan Production (Average Balance)	$2,519,728,000	$2,964,386,000	$3,409,043,000	$3,405,037,000

Participants receive a pay out of incentive awards at, above or below target, depending on performance results of each performance goal as may be adjusted in accordance with the Plan. Performance must be at least 15% above budgeted goals to achieve target-plus payouts.

Table of Contents

Reflecting our above-target performance for the year, the named executive officers received incentive cash payments under the SEIP that were 112% to 147% of their target incentive opportunities.

Named Executive Officer	2016 Incentive Compensation at Threshold	2016 Incentive Compensation at Target	2016 Incentive Compensation at Target Plus	Cap	Actual payout for 2016 Performance
Ronald D. Paul	$1,079,456	$1,943,021	$2,374,804	$2,590,695	**$2,590,695**
James H. Langmead	$255,257	$361,615	$425,429	$531,786	**$404,112**
Antonio F. Marquez	$220,834	$312,848	$368,056	$460,070	**$460,070**
Susan G. Riel	$287,284	$406,985	$478,806	$598,508	**$473,518**
Janice L. Williams	$235,055	$332,994	$391,758	$489,698	**$489,698**

Payments under the SEIP are subject to the Company s clawback policy. The Compensation Committee maintains the right to exercise discretion in paying bonuses outside of the SEIP in appropriate circumstances. For 2016, no such discretion was exercised by the Committee with regard to the named executive officers.

- ***Mid-Year Bonus***

In response to shareholder feedback, the Committee decided that effective in 2016, no mid-year bonuses for the Chief Executive Officer would be granted, and all compensation would be determined as part of the annual process.

- ***Long term/Equity Compensation Time-Vested***

We believe equity ownership aligns our executives with our shareholders, promotes a long term focus on the performance and success of the Company and serves as a powerful means of retaining our high performing executives.

In February 2017, consistent with our historical practice, we granted equity in the form of restricted stock to our named executive officers based on an assessment of Company-wide and individual performance in 2016, as well as direct compensation values in accordance with our market analysis.

Table of Contents

To determine the amount of the equity award to a particular executive, that executive s performance is considered along with payouts he/she earned under our SEIP. We then determine the optimal level of compensation (base salary plus cash incentives plus equity) that we believe each executive should receive. For example, a high performing executive who achieved target-plus performance levels on all of his/her goals, as well as the Company-wide goals, would receive an equity award reflective of the matching percentile compared to peers. The Compensation Committee carefully reviews each executive s performance as well as the Company s performance relative to peers. Equity awards also reflect having executives pay be in line with performance. Using this methodology, the time-vested equity awards granted to named executive officers in 2017 in respect of 2016 performance, ranged from 98.9% to 300% of an executive s base salary.

The 2016 time-vested equity awards vest ratably over three years commencing on the first anniversary of the date of grant. This helps retain executives and ensure they 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. Our new equity ownership guidelines reinforce our goal for executives to have and hold significant stock.

- ***Long Term Incentive Plan Changes***

In response to comments received from shareholders during our investor outreach in 2015, the Compensation Committee adjusted the long term incentive program starting with the 2016 grants in respect of 2015 performance. The new program incorporated performance-based vesting to supplement the use of time-based vesting restricted stock. The 2017 award consists of 42.5% performance-based restricted stock units and 57.5% time-vested restricted stock. To facilitate transition and minimize disruption, the Compensation Committee plans to transition to a 50%/50% split next year. In February 2017, PRSUs were awarded subject to performance-based vesting following a three year measurement period, 2017-2019. At the end of the period, three metrics shall be measured to determine vesting. An executive officer may vest in awards related to none, one, two or all three metrics, depending on the Company performance. In order to receive any vesting for this component, the Company needs to perform at a minimum level of performance compared to the KBW NASDAQ Regional Banking Index (KRX) (the Index).

The three metrics for the 2017 2019 performance grant are:

§ Average Earnings Per Share (EPS)growth,

§ Average Return on Average Assets (ROAA), and

§ Average Total Shareholder Return (TSR).

Performance shares will vest based on the Company s ranking for each metric relative to the Index and can range from 50% at threshold to 150% at maximum depending on performance. Threshold is defined as median performance, target is defined as the 62.5% percentile, and stretch (or maximum) is defined as the 75th percentile or greater ensuring we only provide rewards for strong performance. Payouts are interpolated on a straight-line pro rata basis in between these points. If the metric does not reach threshold performance (i.e. median performance), PRSUs for that metric will not vest. If only the threshold is met for a metric, then 50% of the award shall become vested. If the maximum is met for a metric, then 150% of the target award shall become vested (with points in between measured on a straight-line *pro rata* basis). Metrics performance will be calculated and PRSUs vest no later than March 31 of the year following the performance period (i.e. 2020 for the 2017 awards), or as soon thereafter as data is available. An executive must be employed by the Company, on December 31, of the last year of the relevant performance period, and on the vesting date in order to vest in shares underlying a PRSU, except in the event of death, disability or retirement.

The Compensation Committee concluded that the target goals are reasonably achievable with good performance and are sufficiently challenging but not overly difficult. The Long Term Incentive Plan does not include exponential upside for exceeding goals, as there is a maximum award tied to each metric.

Table of Contents

The Compensation Committee retains the authority to make adjustments to applicable targets and calculations in the event of extraordinary regional circumstances, such as a regional economic downturn arising from *force majeure* events such as a terrorist act or further governmental sequestration. While this authority is not expected to be utilized, the Committee recognized the possibility of an extraordinary regional economic condition. Since the Index includes a national array of banks, the Committee felt that it was important to be able to react to some circumstance uniquely affecting the Washington, DC metropolitan area, such as a terrorist act and the resulting effect on the economy, and therefore, Company performance.

The long term incentive program is subject to the Company s clawback policy.

The 2018 program will continue to include time-vested equity awards as the Compensation Committee believes this not only promotes retention, but provides an impetus for achieving continued performance. While awarded in part as a result of individual performance, the number of time-vested restricted stock awards to an executive are also based on the overall performance of the Company.

- ***Supplemental Executive Retirement Plan***

The Company also provides certain of its executive officers, including all of the named executive officers other than the Chief Executive Officer, with a supplemental retirement benefit, with benefits payable well into retirement years, in order to focus our executives on long term Company performance. This Supplemental Executive Retirement Plan (SERP), adopted by the Company in 2013, provides for a lifetime retirement benefit utilizing annuities as a funding source, a program that at the time cost approximately 86% of the cost of similar plans for comparably situated executives that did not utilize annuities. The target retirement age for the benefit is age 67, with reduced benefits prior to age 67. Please refer to the discussion accompanying the Summary Compensation Table and Pension Benefits for additional information regarding the SERP.

- ***401(k) Plan***

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 2016, 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, and basic life insurance coverage. The Company also provides long term care insurance coverage. We design our employee benefits programs to provide choice and to be affordable and competitive in relation to the market, and to be 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, Non-Compete and Severance Arrangements***

Each of our named executive officers has an employment agreement which provides for payments upon a change in control of the Company under a pure double trigger. Each named executive officer is also party to a non-compete agreement which provides for payments following termination without cause or in connection with a change in control, which payments are contingent on compliance with the noncompetition, nonsolicitation and noninterference provisions of the agreement following such termination. None of these

Table of Contents

agreements provide tax gross-ups. These agreements are described in detail under Employment and Non-Compete 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 increased 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 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 the CEO s compensation with our shareholders long term interests. Accordingly, the Compensation Committee focuses on using incentive compensation with long term Company performance implications as a key element of his target total direct compensation opportunity. By focusing on performance-based pay opportunities tied to specific performance goals, the Compensation Committee seeks to ensure the CEO s pay is aligned with Company performance and the value provided to our shareholders. The compensation plan rewards Mr. Paul if the Company s performance is exceptional, because of his ability to earn at the higher end of the payouts under the SEIP and receive share awards of restricted stock and PRSUs under the Long Term Incentive Plan. In 2016, the Compensation Committee enhanced the performance-based pay program to include performance-vested equity that will incentivize future performance. The value of his awards and his stock ownership will rise and fall over the long term, with our stock performance. We note that 2016 Company performance was not an aberration, but rather a continuation of years of increased success. Mr. Paul s compensation reflects this exceptional multi-year performance.

Table of Contents

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.

The Committee considers information from its compensation consultant and legal counsel, as well as Mr. Paul, our Chief Financial Officer and our Human Resources department 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.

The Compensation Committee regularly 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. It is a result of this process that the long term incentive plan was adopted in 2015 and includes forward-looking performance-based vesting.

As part of this process, the Compensation Committee takes into consideration Mr. Paul s recommendations for NEOs other than himself and a competitive market analysis prepared by its independent compensation 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 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 (if any), bonus payments and equity awards. Mr. Paul is not present during any of the deliberations regarding his compensation.

Table of Contents

The Role of Consultants-Compensation Advisors

The Compensation Committee has engaged the services of Compensation Advisors as its independent advisor on matters of executive and board compensation (the Engagement). Compensation Advisors 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 Compensation Advisors or any individuals working on the Company s account on Compensation Advisors behalf. In reaching such determination, the Company considered the following enumerated factors, all of which were attested to or affirmed by Compensation Advisors:

- During 2016, Compensation Advisors provided no services to and received no fees from the Company other than in connection with the Engagement;
- Compensation Advisors 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 Compensation Advisors and any member of the Compensation Committee other than in respect of (i) the Engagement, or (ii) work performed by Compensation Advisors for any other company, board of directors or compensation committee for whom such Committee member also serves as an independent director;
- No employees of Compensation Advisors owns any stock of the Company; and
- There is no business or personal relationships between Compensation Advisors and any executive officer of at 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 profitability and relative performance of the Company, as well as the intangible value and performance of the Company s management team. In this review, the Compensation Committee seeks to evaluate executive pay in a manner that ensures future compensation arrangements for the selected executive officers are compliant with regulatory practices, competitive in the marketplace and reflective of the Company s performance and culture. In this process, the Compensation Committee selects a custom peer group of publicly-traded banks and bank holding companies, and may review other survey data, to help in the review and establishment of executive compensation arrangements.

The Company worked with Compensation Advisors to develop a peer group in 2016 for base salary and incentive compensation comparisons. The peer group contains 27 public banks between $4.1 billion and $14.3 billion in assets. The peer group was selected based on several factors, including assets, market capitalization and regional similarities, recognizing the substantial increase in Company assets and market capitalization in the last several years.

To further assist the Compensation Committee in their review and assessment of executive compensation, a subset peer group of 15 banks was identified as high-performing banks and that, for the year 2016, had a minimum ROAA of 0.73% and a minimum ROAE of 6.30%. Of this subset, 67% were the same as the ISS peer banks identified in their 2016 report to the Company.

The purpose of this subset peer group is to establish tighter market compensation alignment with high performing bank companies, whose performance is more aligned with the Company s performance. The result provided the Compensation Committee with a clearer understanding of executive compensation, particularly incentive compensation, relative to the Company s performance and supports the Compensation Committee s efforts to foster a pay-for-performance environment. The Committee noted that even compared to these high performing banks, the Company was the highest - or near the highest in a many performance categories.

Table of Contents

Eagle Bancorp Peer Group

Bancorp, Inc.	NBT Bancorp Inc.
Berkshire Hills Bancorp, Inc.	Northwest Bancshares, Inc.
BNC Bancorp	**Provident Financial Services, Inc.**
Boston Private Financial Holdings, Inc.	**S&T Bancorp, Inc.**
Brookline Bancorp, Inc.	**Sandy Spring Bancorp, Inc.**
Cardinal Financial Corporation	**Sterling Bancorp**
Community Bank System, Inc.	**Tompkins Financial Corporation**
ConnectOne Bancorp, Inc.	**TowneBank**
Customers Bancorp, Inc.	**Union Bankshares Corporation**
Dime Community Bancshares, Inc.	**United Bankshares, Inc.**
First Commonwealth Financial Corporation	United Financial Bancorp, Inc.
Flushing Financial Corporation	WesBanco, Inc.
Independent Bank Corp.	WSFS Financial Corporation
Lakeland Bancorp, Inc.	
Bold = High Performing Banks Subset	

Table of Contents

Eagle Bancorp Peer Group Performance

	Bank	Ticker	City	State	ROAE (%)	ROAA (%)	NIM (%)	Efficiency Ratio (%)	NPAs/ Assets (%)	Core EPS Growth (%)	Net Charge -offs/ Avg Loans (%)
					2016Y	2016Y	2016Y	2016Y	2016Y	2016Y	2016Y
1	Bancorp, Inc.	TBBK	Wilmington	DE	(-31.76)	(-2.28)	2.63	146.92	0.08	NM	0.08
2	Berkshire Hills Bancorp, Inc.	BHLB	Pittsfield	MA	6.44	0.72	3.27	65.94	0.24	4.1	0.21
3	BNC Bancorp	BNCN	High Point	NC	8.90	1.00	3.87	58.35	0.56	5.3	(-0.02)
4	Boston Private Financial Holdings, Inc.	BPFH	Boston	MA	9.31	0.95	2.93	67.55	NA	NA	(-0.11)
5	Brookline Bancorp, Inc.	BRKL	Boston	MA	7.59	0.83	3.44	56.19	0.64	3.2	0.25
6	Cardinal Financial Corporation	CFNL	McLean	VA	11.40	1.23	3.24	61.32	0.00	13.7	(-0.01)
7	Community Bank System, Inc.	CBU	De Witt	NY	8.58	1.22	3.66	60.29	0.30	2.2	0.16
8	ConnectOne Bancorp, Inc.	CNOB	Englewood Cliffs	NJ	6.30	0.73	3.41	41.60	1.57	(-27.8)	1.18
9	Customers Bancorp, Inc.	CUBI	Wyomissing	PA	11.30	0.86	2.84	46.50	NA	40.9	0.02
10	Dime Community Bancshares, Inc.	DCOM	Brooklyn	NY	13.40	1.31	2.68	38.12	0.09	(-15.6)	0.00
11	First Commonwealth Financial Corporation	FCF	Indiana	PA	8.02	0.90	3.32	59.55	0.73	15.6	0.40
12	Flushing Financial Corporation	FFIC	Uniondale	NY	13.07	1.10	2.97	51.99	0.36	(-6.2)	(-0.02)
13	Independent Bank Corp.	INDB	Rockland	MA	9.44	1.04	3.40	61.43	0.80	9.2	0.01
14	Lakeland Bancorp, Inc.	LBAI	Oak Ridge	NJ	8.75	0.90	3.41	59.19	0.42	16.0	0.11
15	NBT Bancorp Inc.	NBTB	Norwich	NY	8.74	0.92	3.43	60.53	0.52	6.2	0.39
16	Northwest Bancshares, Inc.	NWBI	Warren	PA	4.28	0.54	3.73	77.68	0.88	21.1	0.21
17	Provident Financial Services, Inc.	PFS	Iselin	NJ	7.12	0.95	3.09	56.41	0.53	0.6	0.07
18	S&T Bancorp, Inc.	STBA	Indiana	PA	8.67	1.09	3.47	53.40	NA	(-4.0)	0.25
19	Sandy Spring Bancorp, Inc.	SASR	Olney	MD	9.15	1.02	3.49	59.86	0.66	11.7	0.06
20	Sterling Bancorp	STL	Montebello	NY	8.05	1.09	3.55	48.96	0.65	17.6	0.08
21	Tompkins Financial Corporation	TMP	Ithaca	NY	14.10	1.01	3.33	61.95	0.36	9.0	0.01
22	TowneBank	TOWN	Portsmouth	VA	6.92	0.93	3.50	74.35	0.47	11.0	0.03
23	Union Bankshares Corporation	UBSH	Richmond	VA	7.79	0.96	3.80	62.42	0.24	18.1	0.09
24	United Bankshares, Inc.	UBSI	Charleston	WV	7.83	1.10	3.60	48.38	1.00	2.5	0.28
25	United Financial Bancorp, Inc.	UBNK	Glastonbury	CT	7.77	0.78	2.99	64.76	0.54	(-1.2)	0.10
26	WesBanco, Inc.	WSBC	Wheeling	WV	7.12	0.97	3.32	59.52	0.49	1.4	0.12
27	WSFS Financial Corporation	WSFS	Wilmington	DE	10.04	1.06	3.88	62.01	0.60	7.5	0.25
	25th Percentile				7.36	0.88	3.16	62.22	0.65	1.38	0.23
	50th Percentile				8.58	0.96	3.41	59.86	0.53	6.25	0.09
	75th Percentile				9.38	1.08	3.52	54.80	0.35	13.67	0.02
	90th Percentile				12.07	1.15	3.76	47.63	0.14	17.87	(-0.01)
	Eagle Bancorp, Inc.	**EGBN**	**Bethesda**	**MD**	**12.15**	**1.50**	**4.16**	**39.86**	**0.30**	**15.21**	**0.09**
	Eagle Bancorp, Inc. Percent Rank				**90th**	**HIGHEST**	**HIGHEST**	**98th**	**78th**	**78th**	**50th**
	Source: Compensation Advisors										

Table of Contents

High Performing Banks Subset Performance

	Bank	Ticker	City	State	ROAE (%)	ROAA (%)	NIM (%)	Efficiency Ratio (%)	NPAs/ Assets (%)	Core EPS Growth (%)	Net Charge -offs/ Avg Loans (%)
					2016Y	2016Y	2016Y	2016Y	2016Y	2016Y	2016Y
1	BNC Bancorp	BNCN	High Point	NC	8.90	1.00	3.87	58.35	0.56	5.3	(-0.02)
2	Boston Private Financial Holdings, Inc.	BPFH	Boston	MA	9.31	0.95	2.93	67.55	NA	NA	(-0.11)
3	Cardinal Financial Corporation	CFNL	McLean	VA	11.40	1.23	3.24	61.32	0.00	13.7	(-0.01)
4	Community Bank System, Inc.	CBU	De Witt	NY	8.58	1.22	3.66	60.29	0.30	2.2	0.16
5	ConnectOne Bancorp, Inc.	CNOB	Englewood Cliffs	NJ	6.30	0.73	3.41	41.60	1.57	(-27.8)	1.18
6	First Commonwealth Financial Corporation	FCF	Indiana	PA	8.02	0.90	3.32	59.55	0.73	15.6	0.40
7	Independent Bank Corp.	INDB	Rockland	MA	9.44	1.04	3.40	61.43	0.80	9.2	0.01
8	Provident Financial Services, Inc.	PFS	Iselin	NJ	7.12	0.95	3.09	56.41	0.53	0.6	0.07
9	S&T Bancorp, Inc.	STBA	Indiana	PA	8.67	1.09	3.47	53.40	NA	(-4.0)	0.25
10	Sandy Spring Bancorp, Inc.	SASR	Olney	MD	9.15	1.02	3.49	59.86	0.66	11.7	0.06
11	Sterling Bancorp	STL	Montebello	NY	8.05	1.09	3.55	48.96	0.65	17.6	0.08
12	Tompkins Financial Corporation	TMP	Ithaca	NY	14.10	1.01	3.33	61.95	0.36	9.0	0.01
13	TowneBank	TOWN	Portsmouth	VA	6.92	0.93	3.50	74.35	0.47	11.0	0.03
14	Union Bankshares Corporation	UBSH	Richmond	VA	7.79	0.96	3.80	62.42	0.24	18.1	0.09
15	United Bankshares, Inc.	UBSI	Charleston	WV	7.83	1.10	3.60	48.38	1.00	2.5	0.28
	25th Percentile				7.81	0.95	3.33	61.69	0.73	2.29	0.21
	50th Percentile				8.58	1.01	3.47	59.86	0.56	9.10	0.07
	75th Percentile				9.23	1.09	3.57	54.91	0.36	13.18	0.01
	90th Percentile				10.62	1.17	3.75	48.61	0.25	16.98	(-0.02)
	Eagle Bancorp, Inc.	**EGBN**	**Bethesda**	**MD**	**12.15**	**1.50**	**4.16**	**39.86**	**0.30**	**15.21**	**0.09**
	Eagle Bancorp, Inc. Percent Rank				**95th**	**HIGHEST**	**HIGHEST**	**HIGHEST**	**83rd**	**83rd**	**36th**
	Source: Compensation Advisors										

Table of Contents

Other Compensation Policies

- ***Compensation Recovery Policy (Clawback)***

The Board of Directors has adopted a policy relating to the clawback of incentive compensation paid to executive officers in the event of certain restatements of our financial statements. Under that policy, the Board of Directors will, to the full extent required by applicable law, in all appropriate cases, require reimbursement of any bonus paid or incentive compensation awarded to the executive, and/or effect the cancellation of unvested equity awards previously granted to the executive if: (1) the amount of the bonus or incentive compensation was calculated based on the achievement of financial results that were subsequently the subject of a material restatement; (2) the executive engaged in intentional misconduct or (3) applicable law, regulation or listing standard so requires.

- ***Robust Stock Ownership Guidelines***

The Company adopted a policy requiring that our executive officers and directors own, directly or indirectly, shares of our common stock having a value as follows:

§ CEO: 6 times base salary

§ Directors: 3 times annual retainer/base fee

§ Executive Officers: 2 times base salary

The persons subject to this requirement have five years after commencing service to satisfy this minimum holdings requirement; executive officers and directors in office as of the date of the policy was adopted have until December 31, 2020. We note that the CEO already is the largest non-institutional shareholder in the Company, with aggregate family holdings representing over 100 times his 2016 base salary as of December 31, 2016. Total insider ownership equates to approximately 8.4% of all outstanding stock.

- ***Anti-hedging/Anti-pledging Policies***

The Company has adopted a policy prohibiting our executive officers and directors from engaging in any hedging of the Company s common stock, including buying or selling puts or calls, short sales, or any other hedging transaction.

The Company s policy also limits the ability of directors and executive officers to pledge Company common stock which they own. The policy limits pledging to one-half of the number of shares owned by such person for purposes of the Company s ownership guidelines, and limits the value of such pledged shares to 25% of the director s or executive officer s net worth.

- ***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. In 2013, executive officers were provided a Supplemental Executive Retirement Plan as described on page 47.

- ***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.

- ***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 as the closing price on the grant date. Our equity award process is independent of any consideration of the timing of the release of material nonpublic

Table of Contents

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.

- ***Prohibit Re-Pricing or Exchange***

Our equity based compensation plans do not permit re-pricing or exchange of underwater options without shareholder approval.

- ***No Guaranteed Minimum Bonus***

Our SEIP does not guarantee any minimum bonus to executive officers.

Risk Assessment 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 2016 incentive programs, including the SEIP, and concluded that the incentive compensation arrangements appropriately balance risk and reward, are compatible with effective controls and risk management, and are supported by strong corporate governance, including active and effective oversight by the Board of Directors. The risk assessment considers the incentive plan mix, measures, design features, goal setting and controls and governance protocols. This feedback was provided to the Compensation Committee. The conclusions were based on the following:

- The SEIP is a formal performance-based plan in which the Compensation Committee is deeply involved. The Board of Directors of the Company establishes Company-wide goals early in the performance year through approval of the budget, 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 officer-specific goals, we consider not only our annual budget, but our strategic initiatives, peer performance and individual goals, 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 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 but not above the established caps. 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.

- A clawback policy was adopted in early 2009 under the SEIP. This allows us to recover all or part of a cash or stock incentive award in certain cases of inaccurate financial statement information that resulted in a restatement of our financial statements, or on a fraudulent, willful or grossly negligent misrepresentation or where required by law. Accordingly, such activities would not be rewarded. We have updated the clawback policy to permit the Company to recover equity based compensation whenever

Table of Contents

required by applicable law, regulation, or exchange listing standard.

- The individual named executive officer employment agreements, which have previously been reviewed and approved by the Compensation Committee, provide for the payment to each named executive officer of base salaries, certain insurance benefits, car allowances, and eligibility for participation in our incentive plans, equity compensation plans and other compensation programs we may adopt, as well as certain benefits and payments upon termination or a change in control. None of the agreements provides for any specific mandatory variable or incentive pay, or any other conditional compensation. As such, the Compensation Committee believes that none of such agreements present any material threat to our capital or earnings, encourage taking undue or excessive risks, or encourage manipulation of financial data in order to increase the size of an award.

The 2017 SEIP is in the process of being adopted. In connection therewith, the Chief Risk Officer will conduct a full risk assessment and opinion thereto.

Non-Executive Compensation Plan Risk Assessment

Our Chief Risk Officer reviewed 2017 incentive programs in which employees who are not executive officers participate, and provided analysis and conclusions to the Compensation Committee. It was concluded that the incentive compensation arrangements appropriately balance risk and reward, are compatible with effective controls and risk management, and are supported by strong corporate governance, including active and effective oversight by the Board of Directors. The risk assessment considers the incentive plan mix, measures, design features, goal setting and controls and governance protocols. The following incentive compensation plans were reviewed:

- Under the Lending and Community Banking Plan, certain employees are compensated with cash incentives calculated as a specific percentage of salary or of qualifying loans, deposits and other business they produce. A portion of the potential compensation under these plans is tied to individual and/or team performance and paid on an annual basis. There are also components, such as the collection of loan fees and the expansion of existing, or the establishing of new, customer deposit accounts, that are paid quarterly. We believe intrinsic features of these plans protect us against unnecessary risk taking, including: the plan modifier that reduces or eliminates incentive payouts when asset quality measures decline or fall below minimum acceptable levels.

- Under the Insurance Sales and Investment Advisory Services Introduction Incentive Plans, employees are compensated with cash incentives for qualified referrals that consented to by customers.

- Under the Residential Lending Operations Incentive Plan, there is an incentive program for loan processors, loan closers, and underwriters. Loan processors and loan closers are paid for each loan closed. Underwriters are paid for each loan dispositioned, regardless of the decision made.

- Under the Residential Lending Management Incentive Program, cash incentives are paid annually when return on equity goals are met.

Clawback provisions are included in all incentive compensation plans. All of our incentive plans call for the employee to be in good standing with no adverse written performance documentation. Once an employee receives adverse written documentation for performance, the employee is ineligible to receive incentive payments for a minimum of 90 days.

Residential Mortgage Loan Officers are generally compensated based on loan production. There are separate agreements with each mortgage loan officer outlining his/her individual compensation package.

Table of Contents

Compensation Committee Report

We have reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussion with management we have recommended to the Board of Directors that the Compensation Disclosure and Analysis be included in this proxy statement and incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2016.

Members of the Compensation Committee

Leland M. Weinstein, Chairman

	Leslie M. Alperstein, Ph.D. Dudley C. Dworken	Harvey M. Goodman Norman R. Pozez	

This report shall not be deemed to be incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under such acts.

Executive Compensation Tables

The following table sets forth a comprehensive overview of the compensation for Mr. Paul, the Chairman, Chief Executive Officer and President of the Company; Mr. Langmead, the Chief Financial Officer of the Company; and the three most highly compensated executive officers of the Company (including officers of the Bank) who received total compensation of $100,000 or more during the fiscal year ended December 31, 2016. The summary compensation table does not reflect rights to purchase shares of common stock at a discount to the market price granted to or exercised by named executive officers under the Company s 2011 Employee Stock Purchase Plan.

Summary Compensation Table

Name and	Year	Salary	Bonus	Stock Awards	Total

Principal Position			(1)	(2)	Option Awards	Non-Equity Incentive Plan Compensation (3)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings (4)	All Other Compensation (5)	
Ronald D. Paul,	2016	$863,565	$	$2,411,743	$	$2,590,695	$	$106,187	$5,972,190
	2015	$863,565	$750,000	$1,715,893	$	$1,775,075	$	$63,112	$5,167,645
Chairman, President and CEO of	2014	$807,070	$1,418,929	$416,731	$	$1,314,063	$	$62,962	$4,019,755
Company; CEO of Bank									
James H. Langmead,	2016	$425,429	$	$519,148	$	$404,112	$306,092	$41,031	$1,695,812
	2015	$354,524	$	$478,323	$	$353,426	$281,729	$35,683	$1,503,685
EVP; CFO of Company and Bank	2014	$334,457	$20,000	$138,141	$	$347,476	$258,898	$35,828	$1,134,800
Antonio F. Marquez,	2016	$368,056	$	$458,244	$	$460,070	$40,902	$40,872	$1,368,144
	2015	$320,049	$	$395,979	$	$400,061	$37,648	$37,858	$1,191,595
EVP; CLO-CRE of Bank	2014	$290,954	$10,000	$112,337	$	$473,679	$34,596	$37,708	$959,274
Susan G. Riel,	2016	$478,806	$	$675,256	$	$473,518	$417,573	$36,441	$2,081,594
	2015	$456,006	$	$614,006	$	$420,189	$450,946	$34,319	$1,975,466
EVP of Company;									
	2014	$430,194	$25,000	$177,713	$	$531,873	$414,451	$34,464	$1,613,695
SEVP-COO of Bank									
Janice L. Williams,	2016	$391,758	$	$410,039	$	$489,698	$79,743	$29,526	$1,400,764
	2015	$340,659	$	$376,447	$	$425,824	$73,395	$27,544	$1,243,869
EVP CCO of Bank	2014	$321,376	$15,000	$132,735	$	$331,592	$67,446	$27,394	$895,543

Table of Contents

(1) Amount shown for 2016 includes $750,000 paid in recognition of the extraordinary service provided in connection with the $100 million capital raise. Amount shown for 2014 includes $1.3 million paid in recognition of the extraordinary services provided by Mr. Paul in connection with the Virginia Heritage Bank (VHB) merger and amounts based on 2014 performance which are paid in the following year.

(2) Represents the grant date fair value of awards of Time-Vested Shares and PRSUs granted in the subsequent year for performance during year indicated. There were no forfeitures of Time-Vested Shares or PRSUs with respect to 2014, 2015 and 2016 by any of the Named Executive Officers.

The per share grant date fair value for PRSUs granted in 2016 with respect to 2015 performance with non-market-based performance conditions was equal to the average of the high and low trading prices of the common stock on the date the shares were granted, which was $45.01. The per-share grant date fair value for PRSUs granted in 2016 with respect to 2015 performance with market-based performance conditions is estimated based on the use of a Monte Carlo valuation methodology, which resulted in a per share grant date fair value of $36.81. The weighted-average per-share grant date fair value of all PRSUs granted in 2016 with respect to 2015 performance [or maybe we say awarded for 2015] was $42.60The grant date fair value for PRSUs granted is based on the probable outcomes of the performance conditions as determined in accordance with FASB ASC Topic 718. The grant date fair value of the PRSUs granted in 2016 for performance in 2015, assuming the highest level of performance conditions is met, would have been $862,724 for Mr. Paul, $240,481 for Mr. Langmead, $199,070 for Mr. Marquez, $308,732 for Ms. Riel and $121,861 for Ms. Williams.

The per-share grant date fair value for PRSUs granted in 2017 with respect to 2016 performance with non-market-based performance conditions was equal to the closing price of the common stock on the date the shares were granted, or $62.70. The per-share grant date fair value for PRSUs granted in 2017 with market-based performance conditions is estimated based on the use of a Monte Carlo valuation methodology, and as described above, which resulted in a per-share grant date fair value of $47.07. The weighted average per-share grant date fair value of all PRSUs granted was $57.49. The grant date fair value of the PRSUs granted in 2017, assuming the highest level of performance conditions is met, would have been $1,461,331 for Mr. Paul, $314,585 for Mr. Langmead, $185,123 for Mr. Marquez, $277,685 for Ms. Riel and $409,177 and $248,451 for Ms. Williams.

The number of shares of Time-Vested Shares granted on February 10, 2015 to Messrs. Paul, Langmead and Marquez and Mmes. Riel and Williams were 11,563, 3,833, 3,117, 4,931 and 3,683, respectively.

The number of shares of Time-Vested Shares granted on February 18, 2016 to Messrs. Paul, Langmead and Marquez and Mmes. Riel and Williams were 25,071, 6,989, 5,786, 8,971 and 5,500, respectively. The number of PRSUs granted on February 18, 2016 to Messrs. Paul, Langmead and Marquez and Mmes. Riel and Williams were 13,500, 3,763, 3,115, 4,831 and 2,962, respectively.

The number of shares of Time-Vested Shares granted on February 14, 2017 to Messrs. Paul, Langmead and Marquez and Mmes. Riel and Williams were 22,927, 4,935, 4,356, 6,419 and 3,898, respectively. The number of PRSUs granted on February 14, 2017 to Messrs. Paul, Langmead and Marquez and Mmes. Riel and Williams were 16,946, 3,648, 3,220, 4,745 and 2,881, respectively.

(3) Reflects amounts awarded under the Company s Senior Executive Incentive Plan. Amounts shown are based on performance in the year indicated and are paid in the following year.

(4) Represents the value of the increase in the named executive officer s accumulated benefit under the SERP adopted in 2013, assuming normal retirement at age 67 and a discount rate of 4.5%. Amounts reflected in this column are not currently payable to the named executive officers and are not considered for purposes of determining the identities of the named executive officers. Please refer to the discussion under the caption SERP below, and to the Pension Benefits table below for additional information about the SERP.

(5) Other compensation consisted of a 3% cost of living adjustment in 2016 for Mr. Paul on his base salary ($25,907), and the following items:

Table of Contents

Name	Year	Car Allowance	Insurance Premiums	401(k) Matching Contributions
Ronald D. Paul	2016	$18,000	$54,330	$7,950
	2015	$18,000	$37,162	$7,950
	2014	$18,000	$37,162	$7,800
James H. Langmead	2016	$9,000	$24,081	$7,950
	2015	$9,000	$18,733	$7,950
	2014	$9,000	$19,028	$7,800
Antonio F. Marquez	2016	$13,000	$19,922	$7,950
	2015	$13,000	$16,908	$7,950
	2014	$13,000	$16,908	$7,800
Susan G. Riel	2016	$9,000	$19,491	$7,950
	2015	$9,000	$17,369	$7,950
	2014	$9,000	$17,664	$7,800
Janice L. Williams	2016	$9,000	$12,576	$7,950
	2015	$9,000	$10,594	$7,950
	2014	$9,000	$10,594	$7,800

During 2015, the Company did not maintain any nonqualified deferred compensation programs or arrangements. Prior to 2013, the Company did not maintain any defined benefit retirement plans. In February 2013, the Bank adopted SERP for senior executives, including all of the named executive officers other than Mr. Paul. Under the SERP, upon an executive s retirement, the Bank will pay a stated monthly payment for the executive s lifetime. The retirement benefit is tied to a percentage of the executive s projected average base salary over the five years preceding retirement, assuming retirement at age 67. The SERP provides that (a) the benefits vest ratably over six years of service to the Bank, with the executive receiving credit for years of service prior to entering into the SERP, (b) death, disability and change-in-control will be deemed to be retirement resulting in immediate vesting, and (c) the monthly amount will be reduced if retirement occurs earlier than age 67 for any reason other than death, disability or change-in-control. The SERP further provides for a death benefit in the event the executive has not received at least 180 monthly installments of supplemental retirement benefits; the death benefit will be based upon an election by the executive for either a lump sum payment or continued monthly installment payments, such that the executive and the executive s beneficiary have received payment(s) sufficient to equate to a cumulative 180 monthly installments. The benefits to the named executive officers are as set forth in the following table:

Name	Title	Percentage Projected of Salary as of 2013
Ronald D. Paul	CEO Company and Bank	N/A
James H. Langmead	EVP and CFO Company and Bank	30%
Antonio F. Marquez	EVP and CLO Commercial Real Estate (Bank)	25%
Susan G. Riel	EVP Company; SEVP and COO (Bank)	35%
Janice L. Williams	EVP and CCO (Bank)	30%

The SERP Agreements are unfunded arrangements maintained primarily to provide supplemental retirement benefits and comply with Section 409A of the Internal Revenue Code (the Code). The Bank 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 Bank as opposed to a traditional SERP. For additional information regarding the SERP, please refer to the table under the caption Pension Plan.

Table of Contents

Employment and Non-Compete Agreements

The Company and Mr. Paul are parties to an amended and restated employment agreement, effective January 31, 2017, governing his service and compensation as President and Chief Executive Officer of the Company. The current term of Mr. Paul s employment agreement expires on December 31, 2020. On each December 31, the term of the agreement automatically extends for one additional year, unless Mr. Paul has given notice of his intention not to renew the term. Under his agreement, Mr. Paul is entitled to receive a current annual base salary received for 2017 of $906,743 (a 2% increase over the sum of his 2016 base salary and COLA adjustment) subject to periodic increase). Mr. Paul may receive grants of options or restricted stock, and may also receive a bonus, in the discretion of the Board of Directors. Mr. Paul is also entitled to receive a monthly automobile allowance of $1,500 and $40,000 annually toward life insurance. Mr. Paul is entitled to participate in all other benefit programs generally available to employees or directors of the Bank or the Company. The compensation under Mr. Paul s employment agreement is in lieu of all other cash fees for service on the Boards of Directors or any committees of the Company and the Bank. In the event of termination of Mr. Paul s employment for any reason other than for cause (as defined), Mr. Paul (or his estate), is entitled to receive an amount in cash equal to 1.99 times his then current base salary and most recent annual cash bonuses and equity awards, subject to certain limitations in the event that his termination occurs in connection with a change in control (as defined) of the Company or the Bank. In addition, subject to the effect of such provisions, all of Mr. Paul s options and restricted stock will immediately vest upon any termination.

Each of the four other named executive officers has an amended and restated employment agreement with the Bank. Each of the agreements expires August 31, 2019. The other named executive officers have 2017 base salaries as follows: Mr. Marquez $397,500; Ms. Riel $502,746; Ms. Williams - $407,428. Mr. Langmead, whose retirement becomes effective April 7, 2017, was entitled to a 2017 base salary of $467,972. Each of these officers is also entitled to participation in all other health, welfare, benefit, stock, option and bonus plans, if any, generally available to all executive officers and employees of the Bank or the Company. Under each agreement if the officer s employment is terminated without cause for reasons other than death, disability or in connection with a change of control (as defined), he/she would be entitled to receive continued payment of health insurance premiums under COBRA for one year, subject to his/her compliance with the non-compete and non-disturbance provisions of the agreement. In the event of termination of the other named executive officer s respective employment without cause within 120 days before a change in control, or within 12 months after a change in control; the reduction in his/her compensation or position or responsibilities, Mr. Langmead, Mr. Marquez, Ms. Riel, and Ms. Williams would be entitled to receive a lump sum payment equal to 1.99 times the sum of (i) his/her base salary at the highest rate in effect during the 12 months preceding termination, (ii) cash bonuses (incentive plan and discretionary) paid to the officer in the most recent 12 months, as well as three years continuation of life, health, long term care and other non-health insurances and benefits in each case subject to adjustment to avoid adverse tax consequences resulting from characterization of such payment for tax purposes as an excess parachute payment.

Each of Mr. Paul and the other named executive officers is also a party to a non-compete agreement with the Bank. The non-compete agreements provide that in the event of termination of the officer s employment by the Bank without cause as defined in such officer s amended and restated employment agreement, including without limitation, in the event of a change in control as defined in the officer s amended and restated employment agreement, or such officer s resignation following a change in control as provided in the officer s amended and restated employment agreement (collectively, Separation), and subject to the officer timely signing and delivering to the Bank (a) a General Release and Waiver and (b) a monthly certification regarding compliance with the confidentiality and non-competition provisions of the non-compete agreement and reporting other compensation, the Bank shall, for one (1) year following the date on which the release is executed and delivered to the Bank, continue to pay the officer, monthly in arrears, salary at the rate being paid as of the termination date, together with an additional amount equal to one-twelfth of the most recent annual cash bonus (incentive plan and discretionary) (and in the case of Mr. Paul, equity awards), if any, for each month of the period during which the officer is in full compliance with the provisions of the agreement.

The non-compete agreements require that for one year after applicable separation, the officer will not, without express written consent of the Bank (except for services performed for or on behalf of the Bank and its affiliates), directly or indirectly, in any capacity (whether as a proprietor, owner, agent,

Table of Contents

officer, director, shareholder, organizer, partner, principal, manager, member, employee, contractor, consultant or otherwise) engage in employment or provide services to any person or entity in return for remuneration or a right to remuneration of any kind, including but not limited to current or deferred compensation, wages, salary, fees, benefits, tangible or intangible property or ownership rights or interests or other property rights, whether paid or conveyed to the officer or promised in the future by any person, business or other entity as a result of, or in exchange for, any work or services performed, or any intellectual property conveyed by such officer.

The table below sets forth the base salary as of December 31, 2016, and the amount of Bank paid life insurance (at standard rates) to which the named executive officers are entitled. The amount to which each of the named executive officers would be entitled to if he/she were terminated, other than for cause or in connection with a change in control, as of December 31, 2016 is set forth in the fourth column of the table below. Such amounts include full payment of amounts due under the non-compete agreements.

The estimated amount of the cash payment which each of the named executive officers would be entitled to receive if the change in control termination benefits were paid as of December 31, 2016, including the full amount payable under the non-compete agreements (without adjustment for other amounts which might be payable as a result of the change in control) is set forth in column 5 of the table below, the value of the accelerated equity awards is set forth in column 6 of the table below, the value of the accelerated vesting of benefits under the SERP is in column 7 and the sum of these three amounts is set forth in column 8.

1	2	3	4	5	6	7	8
Name	**Base Salary**	**Bank Paid Life Insurance (at standard rates)(1)**	**Payment Following Termination Without Cause(2)**	**Cash Payment Upon Termination in Connection with a Change in Control(2)**	**Value of Equity Awards Accelerated Upon a Change in Control(3)**	**Value of SERP Vesting Acceleration**	**Sum of Amounts Payable Upon a Change in Control (Sum of Columns 5. 6. and 7)(4)**
Ronald D. Paul	$863,565	$1,000,000	$4,354,533	$13,020,054	$11,022,881	N/A	$24,042,935(6)
James H. Langmead	$425,429	$750,000	$775,855(5)	$2,328,776	$988,792	$6,426	$3,323,994(7)
Antonio F. Marquez	$368,056	$750,000	$768,117(5)	$2,296,970	$804,906	$329,309	$3,431,185(7)
Susan G. Riel	$478,806	$750,000	$898,995(5)	$2,687,995	$1,289,641	$0	$3,977,636(7)
Janice L. Williams	$391,758	$750,000	$817,382(5)	$2,444,570	$796,556	$500,837	$3,741,963(7)

(1) The cost of this benefit is reflected under All Other Compensation in the Summary Compensation Table, and the amount paid in respect of each officer is reflected in the footnotes to that table.

(2) Includes amounts payable under non-compete agreements.

(3) Reflects the excess of the last trade price for the Company s common stock on December 31, 2016 over the exercise or strike price of unvested options, plus the last trade price of unvested shares of restricted stock (assuming vesting of the target number of shares subject to the award). Out of the money options have been excluded from the calculation.

(4) Reflects estimated maximum cash payment upon termination in connection with a change in control plus the accelerated value of equity awards. Does not reflect adjustment, if any, of total amount for effect of Section 280G limitation.

(5) Plus 1 year health insurance coverage under COBRA, or the value thereof.

(6) Plus three years of all benefits, or the value thereof.

(7) Plus three years of insurance and other benefits, or the value thereof.

Table of Contents

Grants of Plan-Based Awards

The payouts under Estimated Future Payouts Under Non-Equity Incentive Plan Awards reflected in the table represent the amount of formula payment which the named executive officer could have earned with respect to 2016 performance under the SEIP if each of the performance targets established by the Compensation Committee were achieved. The following table presents information regarding awards made during 2016 to named executive officers under the Company s 2006 Stock Plan and SEIP. The amounts reflected under All Other Stock Awards and Grant Date Fair Value of Stock and Option Awards reflect the shares of restricted stock and PRSUs issued in 2016 under the 2006 Stock Plan.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Non-Equity Incentive Plan Awards at Target			All Other Stock Awards Number of Shares of Stock or Units	All Other Option Awards Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards at Target
	Grant Date	Type of Award	Threshold	Target	Target Plus	Threshold	Target	Maximum				
Ronald D. Paul	2/18/2016	SEIP	$1,079,456	$1,943,021	$2,374,804							
	2/18/2016	Time Vested Restricted Stock							25,071			$1,140,743
	2/18/2016	PRSUs				6,750	13,500	20,250				$575,150
James H. Langmead	2/18/2016	SEIP	$255,257	$361,615	$425,429							
	2/18/2016	Time Vested Restricted Stock							6,989			$318,003
	2/18/2016	PRSUs				1,882	3,763	5,645				$160,320
Antonio F. Marquez	2/18/2016	SEIP	$220,834	$312,848	$368,056							
	2/18/2016	Time Vested Restricted Stock							5,786			$263,266
	2/18/2016	PRSUs				1,558	3,115	4,673				$132,713
Susan G. Riel	2/18/2016	SEIP	$287,284	$406,985	$478,806							
	2/18/2016	Time Vested Restricted Stock							8,971			$408,185
	2/18/2016	PRSUs				2,416	4,831	7,247				$205,821
Janice L. Williams	2/18/2016	SEIP	$235,055	$332,994	$391,758							

	2/18/2016	Time Vested Restricted Stock							5,500			$250,253
	2/18/2016	PRSUs				1,481	2,962	4,443				$126,195

Table of Contents

The payouts under Estimated Future Payouts Under Non-Equity Incentive Plan Awards reflected in the table represent the amount of formula payment which the named executive officer could have earned with respect to 2016 performance under the SEIP if each of the performance targets established by the Compensation Committee were achieved. The aggregate amount which could be earned by the named executive officers, at the target level, represented from 85% to 200% of salary in 2016.

A portion of the aggregate amount is subject to the achievement of designated Company or individual performance targets. No amounts are payable if the Company does not achieve at least 85% of the net income goal. If at least the threshold performance metric is met, proportional payouts are made if performance is between payout levels. The targets were established with the expectation that the goals were stretch goals, representing performance standards in excess of expected results. The attainment of target-plus levels poses highly challenging goals to performance achievement and represents a substantial percentage return on incentive costs. The amounts paid in 2017 pursuant to the SEIP for 2016 performance, represented from 95% to 300% of base salary for the named executive officers. The actual amounts earned with respect to 2016 performance, which reflect payments for achievement of results in certain categories in excess of target levels, are reflected in the Summary Compensation Table for 2016 in the column labeled Nonequity Incentive Plan Compensation.

The foregoing table does not reflect rights to purchase shares of common stock at a discount to the market price granted to or exercised by named executive officers during 2016 under the Company s 2011 Employee Stock Purchase Plan, which is generally available to substantially all employees.

Table of Contents

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth, on an award by award basis, information concerning all awards of stock options, restricted stock held by named executive officers at December 31, 2016. All options were granted with an exercise price of 100% of market value as determined in accordance with the applicable plan. The number of shares subject to each award, and the exercise price, have been adjusted to reflect all stock dividends and stock splits effected after the date of such award, but have not otherwise been modified.

Option Awards					Stock Awards	
Name	**Number of Securities Underlying Unexercised Options Exercisable**	**Number of Securities Underlying Unexercised Options Unexercisable**	**Option Exercise Price**	**Option Expiration Date**	**Number of Shares or Units of Stock that Have Not Vested**	**Market Value of Shares or Units of Stock that have Not Vested(1)**
Ronald D. Paul	30,250(2)	--	$10.79	1/16/2018	--	--
	4,863	52,047(3)	$5.76	1/08/2019	--	--
	--	--	--	--	83,475(4)	$5,087,801
	--	--	--	--	3,971(5)	$242,032
	--	--	--	--	7,709(6)	$469,864
	--	--	--	--	13,500(9)	$822,825
	--	--	--	--	25,071(10)	$1,528,077
James H. Langmead	6,050	--	$10.79	1/16/2018	--	--
	22,220	--	$5.76	1/08/2019	--	--
	--	--	--	--	1,724(6)	$105,078
	--	--	--	--	1,191(7)	$72,591
	--	--	--	--	2,556(8)	$155,788
	--	--	--	--	3,763(9)	$229,355
	--	--	--	--	6,989(10)	$425,980
Antonio F. Marquez	--	--	--	--	1,196(6)	$72,896
	--	--	--	--	1,031(7)	$62,839
	--	--	--	--	2,078(8)	$126,654
	--	--	--	--	3,115(9)	$189,859
	--	--	--	--	5,786(10)	$352,657
Susan G. Riel	6,050	--	$10.79	1/16/2018	--	--
	35,200	--	$5.76	1/08/2019	--	--
	--	--	--	--	2,545(6)	$155,118
	--	--	--	--	1,524(7)	$92,888
	--	--	--	--	3,288(8)	$200,404
	--	--	--	--	4,831(9)	$294,449
	--	--	--	--	8,971(10)	$546,782
Janice L. Williams	29,260	--	$5.76	1/08/2019	--	--
	--	--	--	--	1,014(6)	$61,803
	--	--	--	--	1,137(7)	$69,300

	--	--	--	--	2,456(8)	$149,693
	--	--	--	--	2,962(9)	$180,534
	--	--	--	--	5,500(10)	$335,225

(1) Based on the $60.95 closing price of the common stock on December 31, 2016.

(2) Represents grants of stock options pursuant to Company s 2006 Stock Plan in Mr. Paul s capacity as an officer. Vested in installments, commencing with an installment of 5,043 shares on January 16, 2013, two annual installments of 9,269 and 9,268 shares on January 16, 2014 and 2015, and a final installment of 6,670 shares on January 16, 2016.

(3) Represents grants of stock options pursuant to Company s 2006 Stock Plan in Mr. Paul s capacity as an officer. Vests in installments, commencing with an installment of 4,863 shares on January 1, 2016 and three annual installments of 17,349 shares on January 1, 2017 through 2019.

Table of Contents

(4) Represents grant of restricted stock in lieu of participation in SERP. Award vests in four equal installments commencing on the first anniversary of the date of grant.

(5) Represents grant of restricted stock pursuant to the Company s 2006 Stock Plan. Award vests in three equal annual installments commencing on the first anniversary of the date of grant.

(6) Represents grant of restricted stock pursuant to the Company s 2006 Stock Plan. Award vests in four equal annual installments commencing on the first anniversary of the date of grant.

(7) Represents grant of restricted stock pursuant to the Company s 2006 Stock Plan. Award vests in three equal annual installments commencing on the first anniversary of the date of grant.

(8) Represents grant of restricted stock pursuant to the Company s 2006 Stock Plan. Award vests in three equal annual installments commencing on the first anniversary of the date of grant.

(9) Represents grant of PRSUs pursuant to the Company s 2006 Stock Plan. Award vests in one installment on the third anniversary of the date of grant if underlying performance goals relating to three year measurement period are met.

(10) Represents grant of time-vested restricted stock pursuant to the Company s 2006 Stock Plan. Award vests in three equal annual installments commencing on the first anniversary of the date of grant.

Options Exercised and Stock Vested

The following table sets forth information regarding options exercised by the named executive officers during 2016, the aggregate amount realized upon such exercises, based on the difference between the closing market price on the exercise date and the exercise or base price, and information regarding shares of restricted stock held by named executive officers which vested during 2016, and the value realized upon such vesting based on the closing price on the vesting date. The following table does not reflect rights to purchase shares of common stock at a discount to the market price granted to or exercised by named executive officers under the Company s 2011 Employee Stock Purchase Plan. Readers should note that the grant date fair value of awards of options and restricted stock, the vesting and exercise of which is disclosed below, has been included in prior years in the compensation of named executive officers, and therefore does not represent additional compensation paid by the Company.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise**	**Value Realized on Exercise**	**Number of Shares Acquired on Vesting**	**Value Realized on Vesting**

Ronald D. Paul	36,300	$1,228,866	115,413	$5,153,514
James H. Langmead	--	--	7,558	$339,693
Antonio F. Marquez	--	--	3,705	$167,318
Susan G. Riel	--	--	10,594	$475,852
Janice L. Williams	--	--	5,467	$246,279

Table of Contents

Employee Benefit Plans

The Bank provides a benefit program which includes health and dental insurance, life and long term and short term disability insurance, and a 401(k) plan under which the Company makes matching contributions up to 3% of an employee s salary, for all officers and employees working 1,000 hours or more in a calendar year. Executive officers and directors also are provided long term care insurance. The Company also maintains the 2011 Employee Stock Purchase Plan, which is a qualified plan under Section 423 of the Internal Revenue Code (the ESPP). Under the ESPP, substantially all employees other than certain part time employees and those who have not been with the Company for at least six months, and employees who are greater than 5% shareholders, are eligible to purchase shares of the Company s common stock at a discount to the market price.

Equity Compensation Plans

During 2016, the Company maintained three equity compensation plans, the 1998 Stock Option Plan (the 1998 Plan), the 2006 Stock Plan (the 2006 Stock Plan), and the 2016 Stock Plan (the 2016 Stock Plan), each of which has been approved by shareholders. The purpose of each plan is to attract, retain, and motivate key officers, employee and directors of the Company and the Bank by providing them with a stake in the success of the Company as measured by the value of its shares. As of December 31, 2016, no options to purchase shares of common stock remained outstanding under the 1998 Plan. No further options can be granted under the 1998 -2006 Plans.

Under the 2006 Stock Plan, as amended, an aggregate of 1,996,500 shares of common stock are subject to issuance upon the exercise of incentive stock options (ISOs), non-incentive stock options (Non-ISOs) and SARs, and the award of shares of restricted stock, including performance based restricted stock units (PRSU s), to such employees as the Committee may designate, and for the issuance of Non-ISOs or restricted stock to directors and advisory board members of the Company, the Bank, and their affiliates. In the event of any merger, consolidation, recapitalization, reorganization, reclassification, stock dividend, split-up, combination of shares or similar event in which the number or kind of shares is changed without receipt or payment of consideration by the Company, the number and kind of shares of stock as to which options, SARs and restricted stock may be awarded under the 2006 Stock Plan, the affected terms of all outstanding options, SARs and shares of restricted stock, and the aggregate number of shares of common stock remaining available for grant under the 2006 Stock Plan will be adjusted. As of December 31, 2016, options to purchase an aggregate of 209,255 shares of common stock, and unvested awards of an aggregate of 296,192 shares of restricted stock and PRSUs were outstanding under the 2006 Plan. No further options or awards can be granted under the 2006 Plan.

Under the 2016 Stock Plan, as amended, an aggregate of 1,000,000 shares of common stock are subject to issuance upon the exercise of ISOs, Non-ISOs and SARs, and the award of shares of restricted stock and PRSUs to such employees as the Committee may designate, and for the issuance of Non-ISOs or restricted stock and PSRUs to directors and advisory board members of the Company, the Bank, and their affiliates. In the event of any merger, consolidation, recapitalization, reorganization, reclassification, stock dividend, split-up, combination of shares or similar event in which the number or kind of shares is changed without receipt or payment of consideration by the Company, the number and kind of shares of stock as to which options, SARs and restricted stock may be awarded under the 2016 Stock Plan, the affected terms of all outstanding options, SARs and shares of restricted stock, and the aggregate number of shares of common stock remaining available for grant under the 2016 Stock Plan will be adjusted. As of December 31, 2016, options to purchase an aggregate of 1,500 shares of common stock were outstanding under the 2016 Plan, no awards of restricted stock or PRSUs were outstanding, and 998,500 shares remained available for the grant of additional awards.

In connection with the acquisition of Fidelity, the Company assumed Fidelity s option plans. Options to purchase an aggregate of 237,100 shares of common stock were assumed in connection with the acquisition, of which 1,409 remained outstanding as of December 31, 2016. No further options can be granted under Fidelity s plans.

In connection with the acquisition of VHB, the Company assumed VHB s option plans. Options to purchase an aggregate of 401,497 shares of common stock were assumed in connection with the acquisition, of which 4,695 remained outstanding as of December 31, 2016. No further options can be granted under VHB s plans.

Table of Contents

As of December 31, 2016, the Company had options and unvested restricted stock awards and PRSUs with respect to an aggregate of 513,051 shares of common stock issued and outstanding under all equity compensation plans. Subsequent to December 31, 2016, 41,684 shares of time-vested restricted stock were issued to employees other than executive officers and to non-employee directors. Time-vested restricted stock and PRSUs were issued to our executive officers in February 2017 based on 2016 performance as set forth below:

Name	Time Vested Restricted Stock	PRSUs (at Target)
Ronald D. Paul	22,927	16,946
James H. Langmead	4,935	3,648
Antonio F. Marquez	4,356	3,220
Susan G. Riel	6,419	4,745
Janice L. Williams	3,898	2,881
All executive officers as group (7 persons)	49,413	36,523

Pension Benefits

The following table provides information regarding the present value of the accumulated benefit to each of the named executive officers based on the number of years of credited service under the SERP as of December 31, 2016. Please refer to the discussion under the caption Supplemental Executive Retirement Plan and accompanying the Summary Compensation Table for additional information regarding the SERP.

Name	Plan Name	Number of Years of Credited Service	Present Value of Accumulated Benefits	Payments During Last Fiscal Year
Ronald D. Paul	N/A	N/A	N/A	N/A
James H. Langmead	Supplemental Executive Retirement and Death Benefit Agreement	12	$1,078,490	$--
Antonio F. Marquez	Supplemental Executive Retirement and Death Benefit Agreement	6	$144,197	$--
Susan G. Riel	Supplemental Executive Retirement and Death Benefit Agreement	19	$1,655,489	$--
Janice L. Williams	Supplemental Executive Retirement and Death Benefit Agreement	14	$280,555	$--

Certain Relationships and Related Transactions

The Bank has had, and expects to have in the future, banking transactions in the ordinary course of business with some of the Company s directors, executive officers, and their associates. All of such transactions have been on substantially the same terms, including interest rates, maturities and collateral requirements as those prevailing at the time for comparable transactions with non-affiliated persons and did not involve more than the normal risk of collectability or present other unfavorable features. Loans to insiders require approval by the Board of Directors, with any interested director not participating. The Company also applies the same standards to any other transaction with an insider. Additionally, loans and other related party transactions involving Company directors must be reviewed and approved by the Audit Committee.

The maximum aggregate amount of loans (including lines of credit) to officers, directors and affiliates

Table of Contents

of the Company during the year ended December 31, 2016 amounted to $82.6 million, representing approximately 9.8% of the Company s total shareholders equity at December 31, 2016. In the opinion of the Board of Directors, the terms of these loans are no less favorable to the Bank than terms of the loans from the Bank to unaffiliated parties. On December 31, 2016, $52.6 million of loans were outstanding to individuals who, during 2016, were officers, directors or affiliates of the Company. At the time each loan was made, management believed that these loans involved no more than the normal risk of collectability and did not present other unfavorable features. None of such loans were classified as Substandard, Doubtful or Loss.

The Bank leases certain office space from limited liability companies in which Mr. Paul or a trust for the benefit of Mr. Paul s children has a majority interest. During 2016, the Bank paid an aggregate of approximately $1.9 million in rent in respect of these properties, excluding certain pass through expenses; such leases reflect market rates at the time of lease negotiation.

Mr. Rogers is a partner in the law firm Shulman, Rogers, Gandal, Pordy & Ecker, P.A. which has provided, and continues to provide, legal services to the Company and its subsidiaries. During 2016, the Company and its subsidiaries paid aggregate fees of approximately $1.0 million to that firm. Fees are based on hourly rates at standard firm rates or below.

Ryan Riel, the son of Ms. Riel, is employed by the Bank as a Lending Group Leader. During 2016, Mr. Riel s total compensation was $684,753, including base salary, incentive bonus payments and awards of restricted stock. Mr. Riel s compensation is determined on the same basis as all other comparable employees, and is determined by the Compensation Committee, without any participation or input by Ms. Riel.

William Sherrill, a son-in-law of Ms. Riel, is, employed by the Bank as a mortgage loan officer. During 2016, Mr. Sherrill s total compensation was $267,560, which was primarily commission and incentive income. Mr. Sherrill s compensation is determined on the same basis as other comparable employees under a defined commission plan, without any participation or input by Ms. Riel.

Kenneth Van Valkenburgh, the brother-in-law of Mr. Paul, is employed by the Bank as a Vice President, Insurance Sales. During 2016, Mr. Van Valkenburgh s total compensation was $199,108, including base salary, an incentive bonus payment and an award of restricted stock. Mr. Van Valkenburgh s compensation is determined on the same basis as other comparable employees, without any participation or input by Mr. Paul.

Trevor Matese, the son of Ms. Williams, is employed by the bank as a Relationship Manager in the Commercial Real Estate Group. During 2016, Mr. Matese s total compensation was $157,129 including base salary and incentive payments. Mr. Matese s compensation is determined on the same basis as other comparable employees, without any participation or input by Ms. Williams.

Proposal 2: Ratification of the Appointment of Independent Registered Public Accounting Firm

The Audit Committee of the Board of Directors has selected Dixon Hughes Goodman LLP (DHG) as the Company s independent registered public accounting firm to audit the Company s financial statements for the fiscal year ending December 31, 2017. Representatives of DHG are expected to be present at the meeting and available to respond to appropriate questions. The representatives also will be provided with an opportunity to make a statement, if they desire. Services provided to the Company and its subsidiaries by DHG in 2016 are described under Fees Paid to Independent Account Firms below. Additional information regarding the Audit Committee is provided in the Report of the Audit Committee and under the caption Election of Directors - Meetings, Committees and Procedures of the Board of Directors.

As previously disclosed, effective June 1, 2016, substantially all directors and employees of the Company s former independent registered public accounting firm, Stegman & Company (Stegman) joined DHG. As a result, effective June 1, 2016, Stegman resigned as the Company s independent registered public accounting firm. The Audit Committee of the Board of Directors engaged DHG to serve as the Company s independent registered public account firm effective June 1, 2016. The reports of Stegman on the consolidated financial statements of the Company as of December 31, 2015 and December 31, 2014, and for the three fiscal years ended December 31, 2015, contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles. During the Company s fiscal years ended December 31, 2015 and 2014 and the subsequent interim period from January 1, 2016 to the date of Stegman s resignation, (i) there were no disagreements between the Company and Stegman on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Stegman, would have caused Stegman to make reference to the subject matter of such disagreements in connection with its audit reports on the Company s financial statements, (ii) there were no reportable events as within the meaning of Item 304(a)(1)(v) of Regulation S-K and (iii) the Company did not consult with DHG regarding any of the matters set forth in Items 304(a)(2)(i) and (ii) of Regulation S-K.

Vote Required and Board Recommendation

The affirmative vote of a majority of votes cast on the proposal is required for approval of the ratification of the appointment of the independent registered public accounting firm. If the shareholders fail to ratify this appointment, the Audit Committee will reconsider whether to retain DHG, and may retain DHG or another firm, without resubmitting the matter to shareholders. **The Board of Directors recommends that shareholders vote FOR the ratification of the appointment of DHG as the Company s independent registered public accounting firm.**

Table of Contents

Fees Paid to Independent Accounting Firms

Audit Fees

During 2016, the aggregate amount of fees billed to the Company by DHG for services rendered by it for the audit of the Company s financial statements and review of financial statements included in the Company s reports on Form 10-Q, and for services normally provided in connection with statutory and regulatory filings was $257,875, and the amount Stegman billed for such services was $81,095. In 2015, Stegman billed $263,814 for such services.

Audit Related Fees

During 2016, the aggregate amount of fees billed to the Company by DHG for services related to the performance of audit services was $61,565, and the amount Stegman billed for such services was $10,500. These services included services in connection with the Company s securities and regulatory fillings and HUD audits. During 2015, the aggregate amount of fees billed to the Company by Stegman for services related to the performance of audit services was $62,750. These services included services in connection with securities and regulatory filings, and HUD and SBLF audits.

Tax Fees

During 2016, the aggregate amount of fees billed to the Company by DHG for tax advice, compliance and planning services was $17,000, and the amount Stegman billed for such services was $5,000. In 2015, Stegman billed $31,825 for such services.

All Other Fees

No other fees were billed to the Company by either DHG and Stegman for years 2016 or 2015.

None of the engagements of DHG and Stegman to provide non-audit services was made pursuant to the de minimis exception to the pre-approval requirement contained in the rules of the Securities and Exchange Commission and the Company s Audit Committee charter. Audit services may not be approved under the de minimis exception.

Table of Contents

Proposal 3: Non-Binding Advisory Vote on Executive Compensation

Section 14A of the Securities Act of 1934, added as Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the rules of the Securities and Exchange Commission adopted thereunder (Section 14A), requires that not less than once every three years, a separate, advisory, shareholder resolution to approve the compensation of executives, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, must be included in the Company s proxy materials for the annual meeting. As a result, the Company is providing shareholders with the opportunity to cast a non-binding advisory vote at the meeting to approve the compensation of the Company s executives. This proposal, commonly known as a Say-on-Pay proposal, gives shareholders the opportunity to endorse or not endorse our executive pay program through the following resolution:

RESOLVED, that the shareholders approve the compensation of the Company s named executive officers, as disclosed in this proxy statement for the 2017 Annual Meeting pursuant to the rules of the Securities and Exchange Commission, which disclosure includes the Compensation Discussion and Analysis section, the tabular disclosure regarding named executive officer compensation and the accompanying narratives.

Because this vote is advisory, it will not be binding upon the Board of Directors. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements. Under Section 14A, the vote may not be construed as overruling a decision by the Company or the Board of Directors, changing or implying any change in the fiduciary duties of the Company or the Board of Directors; or creating or implying any additional fiduciary duty of the Company or the Board of Directors.

Shareholders are encouraged to read the section of this proxy statement titled Compensation Discussion and Analysis including the tabular disclosure regarding named executive officer compensation, together with the accompanying narrative disclosures.

Vote Required and Board Recommendation

The affirmative vote of a majority of the votes cast at the meeting on the proposal is required for the approval of this resolution. It is expected that all of the shares of the common stock entitled to vote on the proposal over which directors of the Company exercise voting power will be voted for the proposal. We believe our compensation policies are strongly aligned with the long term interests of the Company and its shareholders. **As such, the Board of Directors recommends that shareholders vote FOR approval of this non-binding advisory resolution.**

Table of Contents

Proposal 4: Non-Binding Advisory Vote on Frequency of Executive Compensation Advisory Votes

Pursuant to Section 14A, the Company is also providing shareholders with the opportunity to cast a non-binding advisory vote at the meeting on whether a non-binding advisory shareholder resolution to approve the compensation of the Company s named executive officers (the Say-on-Pay advisory vote in Proposal 3 above) should occur every year, every two years or every three years. The Company is required to present this issue to shareholders not less than once every six years.

Shareholders should mark their proxy cards or voting forms to indicate whether they want Say-on-Pay votes to occur every year, every two years or every three years, or if they wish to abstain.

After careful consideration, including consideration of the views expressed by shareholders and the proxy advisory firms, the Board of Directors believes that shareholder Say-on-Pay advisory votes on executive compensation should be conducted **every year**. The recommendation is based upon the premise that named executive officer compensation is evaluated, adjusted and approved on an annual basis by the Board of Directors upon a recommendation from the Compensation Committee and the belief that investor sentiment should be a factor taken into consideration by that committee in making its annual determinations. The Board of Directors considers the Say-on-Pay vote as a direct communication vehicle with the Company s shareholders, and believes that such communication should be consistent and timely.

Because this vote is advisory, it will not be binding upon the Board of Directors. However, the Board of Directors will take into account the views expressed by shareholders when considering how often to hold future Say-on-Pay votes. Under Section 14A, the vote may not be construed as overruling a decision by the Company or the Board of Directors, changing or implying any change in the fiduciary duties of the Company or the Board of Directors; or creating or implying any additional fiduciary duty of the Company or the Board of Directors.

Vote Required and Board Recommendation

The Board of Directors recommends that shareholders vote FOR having future Say-on-Pay votes every year. Shareholders should note that they are being asked to indicate how often they want future votes to occur, and are not engaging in an up or down vote on the Board s recommendation.

Form 10-K Annual Report

The Company will provide, without charge, to any shareholder entitled to vote at the meeting or any beneficial owner of common stock solicited hereby, a hard copy of its Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission, upon the written request of such shareholder. Requests should be directed to Jane E. Cornett, Corporate Secretary, at the Company s executive offices, 7830 Old Georgetown Road, Bethesda, Maryland 20814. It is also available electronically through www.sec.gov and www.eaglebankcorp.com.

Table of Contents

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the Company s directors and executive officers, and persons who own more than ten percent of the common stock, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the Securities and Exchange Commission, and to provide the Company with copies of all Forms 3, 4, and 5 they file.

Based solely upon the Company s review of the copies of the forms which it has received and written representations from the Company s directors, executive officers and ten percent shareholders, the Company is not aware of any failure of any such person to comply with the requirements of Section 16(a), except that: one Form 4 for Mr. Langmead reporting two transactions in an untimely manner was filed and one Form 4 reporting one transaction for Ms. Williams and one Form 4 reporting two transactions for Mr. Marquez, were not filed in a timely manner.

Other Matters

The Board of Directors of the Company is not aware of any other matters to be presented for action by shareholders at the meeting. If, however, any other matters not now known are properly brought before the meeting or any adjournment thereof, the persons named in the accompanying proxy will vote such proxy in accordance with their judgment on such matters.

Shareholder Proposals

All shareholder proposals to be presented for consideration at the next annual meeting and to be included in the Company s proxy materials must be received by the Company no later than December 31, 2017. Shareholder proposals for nominations for election as director must be received by the Company no later than January 3, 2018. In order to be eligible for consideration at the next annual meeting of shareholders, the Company must receive notice of shareholder proposals for business other than the election of directors to be conducted at the annual meeting which are not proposed to be included in the Company s proxy materials not less than thirty and not more than ninety days before the date of the annual meeting, or if less than forty five days notice of the meeting is given, by the earlier of two days before the meeting and fifteen days after the notice of the meeting is mailed.

	By Order of the Board of Directors
	Jane E. Cornett, Corporate Secretary
April 3, 2017	

Table of Contents

PROXY

This Proxy is solicited on behalf of the Board of Directors

The undersigned hereby makes, constitutes and appoints Steven Fanaroff and Bruce H. Lee and each of them (with the power of substitution), proxies for the undersigned to represent and to vote, as designated below, all shares of common stock of Eagle Bancorp, Inc. (the Company) which the undersigned would be entitled to vote if personally present at the Company s Annual Meeting of Shareholders to be held on May 18, 2017 at the Bethesda Marriott Hotel, 5151 Pooks Hill Road, Bethesda, Maryland 20814 at 10:00 A.M. Eastern Daylight Time and at any adjournment or postponement of the meeting.

This proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. If no direction is made, this proxy will be voted FOR all of the nominees set forth, FOR the proposal to ratify the appointment of the independent registered public accounting firm, FOR the resolution approving the Company s named executive officer compensation and for holding future advisory votes on executive compensation EVERY YEAR. **In addition, this proxy will be voted at the discretion of the proxy holder(s) upon any other matter which may properly come before the meeting or any adjournment or postponement of the meeting.**

PLEASE COMPLETE, DATE, SIGN AND MAIL THIS PROXY PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE

Important Notice Regarding the Availability of Proxy Materials for the Annual

Meeting of Shareholders to be held May 18, 2017

The Proxy Statement, our Annual Report on Form 10-K for the year ended

December 31, 2016 and our Report to Shareholders are available at

http://viewproxy.com/eaglebankcorp/2017/

Table of Contents

Please mark your

votes like this

The Board of Directors recommends a vote FOR the listed nominees, and FOR Proposals 2 and 3, and for 1 year proposal 4

1. Election of Directors

01	Leslie M. Alperstein	FOR o	WITHHOLD o	ABSTAIN o
02	Dudley C. Dworken	FOR o	WITHHOLD o	ABSTAIN o
03	Harvey M. Goodman	FOR o	WITHHOLD o	ABSTAIN o
04	Ronald D. Paul	FOR o	WITHHOLD o	ABSTAIN o
05	Norman R. Pozez	FOR o	WITHHOLD o	ABSTAIN o
06	Donald R. Rogers	FOR o	WITHHOLD o	ABSTAIN o
07	Leland M. Weinstein	FOR o	WITHHOLD o	ABSTAIN o

o Change of Address Please print new address below.

2. Ratification of the Appointment of Independent Registered Public Accounting Firm.

o FOR o AGAINST o ABSTAIN

3. Non-Binding Advisory Vote on Executive Compensation.

o FOR o AGAINST o ABSTAIN

4. Non-Binding Advisory Vote on Frequency of Executive Compensation Advisory Votes.

o 1 year o 2 years o 3 years o ABSTAIN

I plan on attending the meeting o

Important: Please date and sign your name as addressed, and return this proxy in the enclosed envelope. When signing as executor administrator, trustee, guardian, etc., please give full title as such. If the shareholder is a corporation, the proxy should be signed in the full corporate name by a duly authorized officer whose tittle is stated.

Date:

(mm/dd/yyyy)

Signature

Signature (if held jointly)

PLEASE DETACH ALONG PERFORATED LINE AND MAIL IN THE ENVELOPE PROVIDED.

Proxies submitted by the Internet or telephone must be received by 11:59 p.m., Eastern Daylight Savings Time, on May 18, 2017.

CONTROL NUMBER

PROXY VOTING INSTRUCTIONS

Please have your 11 digit control number ready when voting by Internet or Telephone

INTERNET **Vote Your Proxy on the Internet:** **Go to** **www.AALvote.com\EGBN**		**TELEPHONE** **Vote Your Proxy by Phone:** **Call 1 (866) 804-9616** Use any touch-tone telephone to vote your proxy. Have your proxy card available when you call.		**MAIL** **Vote Your Proxy by Mail:** Mark, sign, and date your proxy card, then detach it, and return it in the postage-paid envelope provided.

Have your proxy card available when you access the above website. Follow the prompts to vote your shares.		Follow the voting instructions to vote your shares.		