



## ANNUAL USE OF CAPITAL SURVEY - 2009

### NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Eagle Bancorp, Inc.

Person to be contacted regarding this report:	Michael T. Flynn	RSSD: (For Bank Holding Companies)	265104
UST Sequence Number:	UST 84	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	0	FDIC Certificate Number: (For Depository Institutions)	
CPP Funds Repaid to Date:	0	City:	Bethesda
Date Funded (first funding):	Dec 5, 2008	State:	Maryland
Date Repaid <sup>1</sup> :	Dec 23, 2009		

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	We have significantly increased lending in our core markets. During 2009 we increased our loan balances by \$134 million. Just as importantly, the receipt of the CPP funds in the 4th Quarter of 2008 allowed us to increase loans outstanding by \$100 million in that quarter.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Loan growth by type in 2009 was: C&I loans \$12 million, 3.5%; Owner Occupied Commercial Real Estate Loans, \$12 million, 4.7%; Income Producing Commercial Real Estate Loans, \$135 million, 36.8%
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	We estimate that of the CPP funds received, about \$24 million was leveraged to support loan growth, and about \$12 million provide a "capital cushion". Additional capital was added to the Company through a successful common stock offering in September of 2009.

What actions were you able to avoid because of the capital infusion of CPP funds?

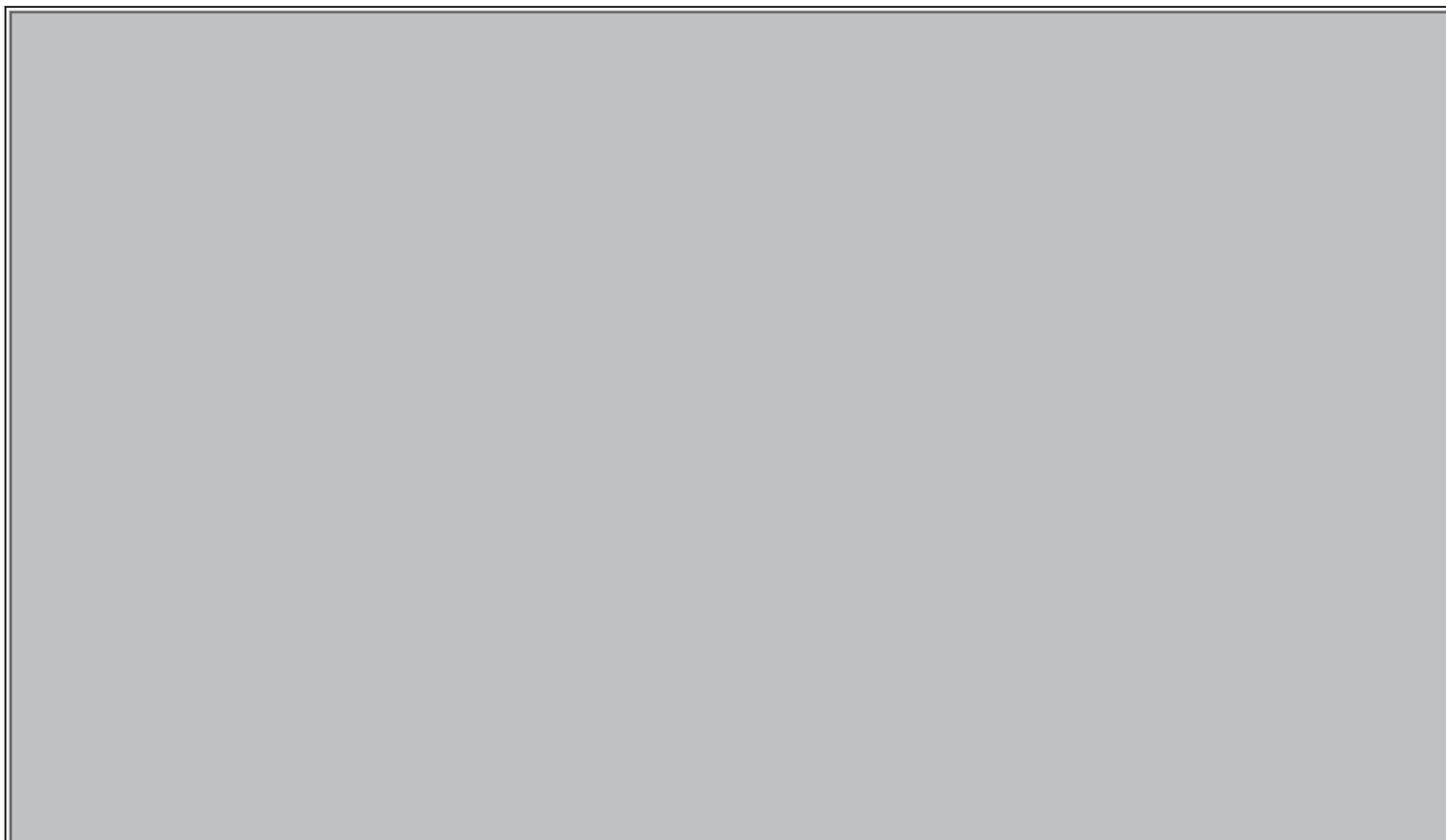
In the autumn of 2008, prior to the creation of the CPP Program by the US Treasury, the Company was considering a preferred stock offering in a very difficult market. Our financial advisers had indicated that such an offering might be possible but would bear a high current dividend rate and potentially cause shareholder dilution. Participation in the CPP program provided approximately the same amount of capital at what we believed was a more favorable dividend cost.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

As mentioned above the receipt of the CPP funds allowed the Company to significantly increase its lending in the Washington, DC metropolitan area.. We received the \$38.2 million of CPP funds in December of 2008, just about 90 days after completing a substantial acquisition. In spite of a weakening national economy at that time, our local marketplace provided the opportunity for new and expanded loan relationships. Between September 2008 and December 2008, the Company increased its loan portfolio by \$100 million, which was attributable primarily to traditional C&I loans as well as income producing commercial real estate loans. At a time when other forms of capital were virtually unattainable, the CPP program provided to the company the capital to support these loans to local business enterprises and to maintain at December 31, 2008 a total risk based capital ratio of 11.93%. (Above the well-capitalized level.) Without the CPP funds the ratio would have been 9.93%.

During 2009, the Company grew its loan portfolio by \$134 million. The growth of \$50.5 million during the first eight months of the year would not have been possible without the capital support of the CPP funds. In September 2009 the Company closed on a publicly underwritten common stock offering which raised \$51.8 million of equity after costs. The combination of the CPP funds and the new common equity capital thereafter provided sufficient capital for continued growth in loans and other assets, and therefore \$15 million of the CPP funds were redeemed with the US Treasury in December 2009. After the redemption, the Company maintained a total risk based capital ratio of 13.57% at December 31, 2009. ( Significantly above the well-capitalized level.)

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.



According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.