



PUBLIC DISCLOSURE

January 22, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

EAGLEBANK

BETHESDA, MARYLAND

**Federal Reserve Bank of Richmond
Richmond, Virginia**

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal financial supervisory agency concerning the safety and soundness of this financial institution.

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PERFORMANCE EVALUATION**

EagleBank

2652092

7815 Woodmont Avenue
Bethesda, MD 20814

**Federal Reserve Bank of Richmond
P. O. Box 27622
Richmond, Virginia 23261**

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INSTITUTION RATING

INSTITUTION'S CRA RATING: EagleBank is rated "OUTSTANDING."

The following table indicates the performance level of EagleBank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>EagleBank</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

The major factors supporting the institution's rating include:

- Lending activity is consistent with the bank's capacity and reflects an excellent responsiveness to identified credit needs within the assessment area.
- A high percentage of the number and dollar volume of the institution's reported Home Mortgage Disclosure Act (HMDA) and small business loans were originated within the bank's assessment area.
- The bank's geographic lending distribution performance is considered excellent for HMDA lending and good for small business lending during both years of the evaluation period. Overall, the bank's geographic distribution performance is considered excellent.
- The bank's borrower lending distribution performance is considered adequate for HMDA lending and good for small business lending during both years of the evaluation period. Overall, the bank's borrower distribution performance is considered adequate.
- The bank was a leader in providing community development loans which demonstrates an excellent responsiveness to local credit needs during the evaluation period.

- The bank maintains an excellent level of qualified community development investments.
- Delivery systems and branch locations are accessible to all segments of the assessment area, and the institution provides a relatively high level of community development services.
- There have been no complaints regarding the bank's CRA performance since the previous evaluation.

INSTITUTION

SCOPE OF EXAMINATION

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC) for large institutions. EagleBank (Eagle) is required to report certain information regarding its home mortgage lending in accordance with the Home Mortgage Disclosure Act. Accordingly, the bank's 2015 and 2016 HMDA loan originations were considered in the evaluation. Eagle is also required to collect and report data for small business loans in accordance with the Community Reinvestment Act (CRA). Therefore, the evaluation incorporates an analysis of all small business loans originated by the bank during calendar years 2015 and 2016. The evaluation also considers any qualified community development loans, investments, and services originated, purchased, or provided since the previous evaluation dated September 14, 2015. In addition, all qualified investments outstanding as of the examination date were considered, regardless of when made. The bank did not report any small farm loans during the evaluation period.

To help determine the availability of community development opportunities in the assessment area, the CRA public evaluations of financial institutions operating within the assessment area were reviewed. Additionally, three members of the community were contacted to discern information about local economic conditions, local credit needs, performance of banks in the assessment area, as well as potential community development opportunities.

DESCRIPTION OF INSTITUTION

EagleBank (Eagle) is headquartered in Bethesda, Maryland, and is a wholly owned subsidiary of Eagle Bancorp, Incorporated, a single bank holding company also headquartered in Bethesda, Maryland. The bank has three non-bank subsidiaries: Eagle Insurance Services, LLC, which offers consumer and commercial insurance services; Fidelity & Trust Mortgage, Inc. which holds existing mortgage loans obtained through the bank's merger with Fidelity & Trust Bank in 2008; and Bethesda Leasing, LLC, which holds special or problem assets. Eagle currently operates 21 full-service branch offices within the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA). Since its previous evaluation in September 2015, the bank has opened two new branch offices and closed three offices within its assessment area; however, this activity did not require adjustment to the bank's CRA assessment area.

As of September 30, 2017, the bank held total assets of approximately \$7.4 billion, of which 81.9% were net loans and 7.5% were securities, while deposits totaled approximately \$6 billion. Various deposit and loan products are available through the institution, including loans for residential mortgage, business, and consumer purposes. The composition of the loan portfolio (using gross loans) as of September 30, 2017, is depicted in the following table:

Composition of Loan Portfolio

Loan Type	9/30/2017	
	\$(000s)	%
Secured by 1-4 Family dwellings	494,061	8.1
Multifamily	285,512	4.7
Construction and Development	1,441,996	23.5
Commercial & Industrial/ NonFarm NonResidential	3,742,004	61.1
Consumer Loans and Credit Cards	2,943	0.0
Agricultural Loans/ Farmland	362	0.0
All Other	159,043	2.6
Total	6,125,921	100.0

As reflected in the preceding table, commercial and construction and development loans represent the largest loan types within the bank's loan portfolio. Notwithstanding the proportional distribution of loans retained in the bank's loan portfolio, Eagle originates and sells a large volume (by number and dollar) of loans secured by one-to-four family dwellings, and, as reflected later in this evaluation, those loans comprise a significantly larger number of loans considered during this evaluation. Additionally, the bank offers consumer loans, but these loans represent a significantly smaller volume of loans both by number and dollar and were not considered in the evaluation of lending performance, as doing so would not yield meaningful information for rating the bank's performance.

Eagle received a Satisfactory rating at its previous CRA evaluation dated September 14, 2015. The bank does not face any legal impediments that would serve to constrain its ability to meet the credit needs of its assessment area.

DESCRIPTION OF WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD ASSESSMENT AREA

Eagle's assessment area is located within the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA. The MSA is comprised of two metropolitan divisions; the bank takes a portion of both the Silver Spring-Frederick-Rockville, MD and Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan divisions. The following table reflects the current composition of the bank's assessment area.

Metropolitan Division	County/City	State	Census Tracts
Silver Spring-Frederick-Rockville, MD	Montgomery County	MD	All
	Prince George's County	MD	All
Washington-Arlington-Alexandria, DC-VA-MD-WV	Arlington County	VA	All
	Fairfax County	VA	All
	Loudoun County	VA	All
	City of Alexandria	VA	All
	City of Fairfax	VA	All
	City of Falls Church	VA	All
	District of Columbia	DC	All

According to 2010 American Consumer Survey (ACS) data, the assessment area has a population of approximately 4.2 million and a median housing value of \$449,550. The owner-occupancy rate for the assessment area (58.3%) is higher than the rate in the District of Columbia (38.1 %), but lower than the rates for the State of Maryland (62.2%) and the Commonwealth of Virginia (61.8%). The owner-occupancy rate for the assessment area is also lower than the rates in the Silver Spring-Frederick-Rockville, MD (67.1%) and Washington-Arlington-Alexandria, DC-VA-MD-WV (59.6%) metropolitan divisions.

Within the assessment area, 5.1% of families are below the poverty level, which is lower than the percentage in both the State of Maryland (5.7%) and the Commonwealth of Virginia (7.2%), and significantly lower than the percentage in the District of Columbia (14.5%). The area's percentage of families below poverty is similar to the percentage in the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan division (5.2%), but higher than the Silver Spring-Frederick-Rockville, MD (3.8%) metropolitan division.

The 2015 and 2016 HUD adjusted median family income for the two metropolitan divisions are: \$109,400 and \$105,700, respectively, for Washington-Arlington-Alexandria, DC-VA-MD-WV and \$115,000 and \$113,000, respectively, for Silver Spring-Frederick-Rockville, MD. The following table provides pertinent assessment area demographic data:

Assessment Area Demographics

Washington-Arlington-Alexandria, DC-VA-MD (Based on 2010 ACS Data and 2016 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	111	10.7	83,651	8.7	17,715	21.2	203,223	21.0
Moderate	246	23.7	202,568	21.0	15,521	7.7	160,038	16.6
Middle	313	30.1	307,336	31.8	10,232	3.3	193,910	20.1
Upper	361	34.6	373,197	38.5	5,955	1.6	409,581	42.3
NA	9	0.9	0	0.0	0	0.0		
Total	1,040	100.0	966,752	100.0	49,423	5.1	966,752	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	41,797	4.2	150,548	9.7	31,345	20.8	345,786	22.2
Moderate	175,686	17.9	359,850	23.1	35,275	9.8	262,649	16.9
Middle	339,632	34.5	495,608	31.8	23,992	4.8	290,578	18.6
Upper	426,521	43.4	552,335	35.4	21,117	3.8	659,345	42.3
NA	0	0.0	17	0.0	0	0.0		
Total	983,636	100.0	1,558,358	100.0	111,729	7.2	1,558,358	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	10,443	4.4	9,561	4.5	765	3.4	117	5.4
Moderate	42,120	17.7	37,356	17.5	4,370	19.4	394	18.1
Middle	74,084	31.2	66,536	31.2	6,949	30.8	599	27.5
Upper	110,240	46.3	98,989	46.5	10,310	45.7	941	43.0
NA	858	0.4	558	0.3	169	0.7	131	6.0
Total	237,745	100.0	213,000	100.0	22,563	100.0	2,182	100.0
Percentage of Total Businesses:				89.6		9.5		0.9

*NA-Tracts without household or family income as applicable

Eagle's assessment area is predominately urban and offers a large number and variety of employment opportunities. While the local economy is primarily driven by federal and local government hiring, there are also diverse industries contributing to local employment opportunities, including aerospace and defense, manufacturing, healthcare services, and leisure and hospitality. The area's largest private employers include Accenture National Securities, Lockheed Martin Corporation, Raytheon Company, Deloitte Consulting, Medstar and Inova Health, United and American Airlines, Marriott, and George Mason University. Recent and historical unemployment rates since the previous evaluation are presented in the following table.

Geographic Area	October 2015	October 2016	October 2017
Alexandria City, VA	3%	3%	2.8%
Arlington County, VA	2.6%	2.7%	2.4%
Fairfax County, VA	3.3%	3.3%	2.9%
Fairfax City, VA	3.2%	3.2%	2.9%
Falls Church City, VA	2.8%	2.9%	2.6%
Loudoun County, VA	3.3%	3.3%	2.9%
Commonwealth of Virginia	4%	4%	3.5%
Montgomery County, MD	3.8%	3.4%	3.1%
Prince George's County, MD	5.1%	4.3%	3.9%
State of Maryland	4.8%	4.2%	3.8%
District of Columbia	6.6%	5.9%	6.8%
Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division	4.3%	4%	3.8%
Silver Spring-Frederick-Rockville, MD Metropolitan Division	3.9%	3.4%	3.2%

As reflected in the table, area unemployment rates have either declined slightly or remained stable since the previous evaluation. Many jurisdictions in the assessment area have unemployment rates that are lower than the rate for the state in which it is located, indicating a relatively healthy local economy. However, the unemployment rate for the District of Columbia has fluctuated and remains more elevated than other portions of the assessment area.

Local economic development and housing officials were recently contacted to discuss area economic conditions and community credit needs. The economic development official stated the economy is flourishing, but there is a need for financial institutions to provide additional funding sources for the redevelopment of core business corridors in the metropolitan area. The contact opined that local financial institutions are generally meeting local credit needs, but indicated they could provide more resources and support to startup small businesses.

Both housing officials observed that the demand for affordable housing remains high. One official stated that the need for affordable housing exceeds the level of products and assistance available. Based on the contact's experience, there are numerous opportunities for first time homebuyer education and financing, but there are not enough affordable properties available. While noting these opportunities within the assessment area, both contacts indicated that area financial institutions are reasonably meeting the banking needs of the local community.

Overall, discussions with the community contacts and reviews of the performance evaluations of other financial institutions having a local presence indicate that community development opportunities are readily available within the bank's assessment area. Despite a highly competitive market, the bank faces no significant constraints in taking advantage of available community development opportunities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Ratings for the lending, investment, and service test are assigned to the institution based on performance within the assessment area. Following FFIEC procedures, the lending test performance accounts for half of the overall rating, while the investment and service tests are equally weighted and each account for one-quarter of the overall rating.

LENDING TEST

When evaluating the bank's performance, relevant area demographic data from the 2010 ACS and Dun & Bradstreet (D&B) business demographic data from 2015 and 2016 are used as proxies for demand. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this evaluation is based on ACS data that is updated once every five years. Aggregate HMDA and small business loan data from 2015 and 2016 are also considered when evaluating the bank's performance for each year.

While aggregate HMDA and small business loan data from calendar years 2015 and 2016 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2016 are presented in the assessment area analysis tables. In instances where 2015 performance varies from the performance noted during 2016, such variance and the corresponding impact on the overall performance are discussed.

Within the bank's market area, a high level of small business lending activity historically has been reported by specialized lenders, who often originate small business loans in the form of credit cards. These loans, however, tend to be much smaller in size than traditional small business bank loans, and a significant majority of such loans do not have revenue data reported. The presence of these lenders is reflected in a smaller market share for traditional lenders and tends to understate the percentage of loans made to businesses with revenues of \$1 million or less. These factors were considered as an aspect of performance context when evaluating the level and distribution of small business lending.

When assessing individual loan products for geographic and borrower distribution performance, primary consideration is given to the number (and corresponding percentage) of loans. When combining multiple loan products to arrive at an overall conclusion, the level of performance for each product is weighted primarily by the dollar volume that the product contributes to the overall activity considered in the evaluation.

During 2015 and 2016, Eagle reported approximately \$1.5 billion in HMDA loans and \$230.9 million in small business loans within its assessment area. Accordingly, the bank's HMDA lending performance is given significantly more weight than the small business lending performance when considering the bank's combined product performance. Additionally, when determining the overall performance of a product, greater weight is given to the year with the larger dollar volume for that product. For Eagle's HMDA lending, greater weight is given to the 2016 performance as the bank originated \$832 million in loans compared to \$682 million in 2015. For small business lending, greater weight is given to 2015 performance as the bank originated \$125.8 million in loans compared to \$105.2 million in 2016.

Overall, the bank's lending test performance is rated Outstanding based on its lending activity, assessment area concentration of lending, geographic and borrower lending distribution performance, and community development lending. The components of each test are discussed in the following sections. All conclusions take into consideration relevant performance context factors.

Lending Activity:

A bank's loan-to-deposit ratio is one measure of its lending activity relative to its capacity. Eagle's quarterly average loan-to-deposit ratio for the nine-quarter period ending September 30, 2017, equaled 97.9% and ranged from 94% to 100.8%. During the same nine-quarter period, the average of quarterly loan-to-deposit ratios of the national peer group ranged from 83.6% to 86.6%. The national peer group is defined as all insured commercial banks having assets in excess of \$3 billion. Eagle's loan-to-deposit ratio, as of September 30, 2017, equaled 100.8%. No barriers to the bank's ability to lend were noted.

Since June 30, 2015, the bank's assets, net loans, and deposits have increased by 28.8%, 30.6%, and 20.9%, respectively. As of June 30, 2017, Eagle ranked 10th out of 66 institutions in local deposit market share, having 2.7% of the available Federal Deposit Insurance Corporation (FDIC) insured deposits (credit union deposits are not included) within its assessment area. According to 2016 aggregate data, the institution ranked 32nd out of 760 reporters in HMDA lending with a .8% market share and 21st out of 206 lenders in reported small business/small farm lending with a .3% market share. Both market share rankings consider originated and purchased loans.

Eagle makes use of flexible loan programs to meet the credit needs of low- and moderate-income individuals and small businesses within its assessment area. The bank offers Fannie Mae's Home Ready and Freddie Mac's Home Possible mortgage products which have low down payments and cancellable mortgage insurance features designed to assist low- and moderate-income homebuyers. Eagle originated 68 Home Ready and 76 Home Possible mortgage during the evaluation period.

The bank also established a multifamily lending division in 2016 which provides expertise in meeting the region's multifamily housing credit needs. The bank received approval to issue Ginnie Mae multifamily mortgage-backed securities, further allowing it to provide permanent financing for the acquisition, rehabilitation, and construction of multifamily rental housing. The bank is able to originate FHA-insured multifamily loans, wrap them into Ginnie Mae securities, and sell them to the investment market with servicing rights retained. Since its creation, the division has originated six loans totaling \$66.6 million, of which three loans totaling \$40.8 million facilitated affordable housing projects within the regional area, including the bank's assessment area.

Eagle is one of six bank's participating in the Washington Suburban Sanitary Commission's (WSSC) Business Investment and Growth (BIG) Program. The program was developed by WSSC to assist community banks in providing capital to small businesses in Montgomery and Prince George's Counties. Under the program, WSSC will deposit a total of \$12 million across the participating banks, which will leverage the deposits 2-1 to provide a total of \$24 million in financing for local businesses. Considering relevant performance context factors such as bank size, financial condition, and local area credit needs, the bank's overall lending activity reflects excellent responsiveness to the needs of its assessment area.

Assessment Area Concentration:

The institution's lending volume for HMDA and small business loans from January 1, 2015, through December 31, 2016, inside and outside its delineated assessment area is represented in the following table. The data does not include large commercial loans (loan amounts in excess of \$1 million) or any other loan type not specified.

Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	1,468	73.8	664,069	79.8	521	26.2	168,037	20.2
Home Improvement	130	71.8	103,819	80.1	51	28.2	25,813	19.9
Refinancing	1,413	75.7	665,496	80.4	453	24.3	161,738	19.6
Multi-Family Housing	28	70.0	80,619	81.9	12	30.0	17,786	18.1
Total HMDA related	3,039	74.6	1,514,003	80.2	1,037	25.4	373,374	19.8
Small Business	824	86.9	230,936	85.2	124	13.1	40,023	14.8
TOTAL LOANS	3,863	76.9	1,744,939	80.8	1,161	23.1	413,397	19.2

As indicated in the preceding table, a high percentage of the total number (76.9%) and dollar amounts (80.8%) of loans have been provided to residents and businesses within the bank's assessment area.

Geographic Distribution:

Eagle's geographic distribution performance is considered excellent for HMDA lending and good for small business lending during both years evaluated. With greater weight accorded to HMDA performance, the bank's overall geographic distribution performance is considered excellent.

Distribution of HMDA Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, DC-VA-MD (2016)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(757)				Home Purchase (87,174)			
Low	63	8.3	24,194	7.1	4,361	5.0	1,487,868	4.1
Moderate	171	22.6	60,097	17.6	15,597	17.9	4,829,910	13.2
Middle	194	25.6	69,322	20.3	28,379	32.6	10,141,023	27.7
Upper	329	43.5	188,060	55.0	38,832	44.5	20,131,371	55.0
	(714)				Refinance (97,556)			
Low	38	5.3	13,306	3.7	3,939	4.0	1,156,687	3.1
Moderate	112	15.7	44,972	12.4	15,027	15.4	4,291,100	11.4
Middle	209	29.3	75,366	20.7	30,887	31.7	9,996,760	26.5
Upper	355	49.7	230,379	63.2	47,703	48.9	22,259,224	59.0
	(69)				Home Improvement (7,921)			
Low	6	8.7	4,280	5.9	487	6.1	57,074	3.3
Moderate	11	15.9	4,438	6.1	1,490	18.8	198,346	11.5
Middle	18	26.1	6,628	9.1	2,640	33.3	409,150	23.7
Upper	34	49.3	57,122	78.9	3,304	41.8	1,064,359	61.5
	(10)				Multi-Family (340)			
Low	6	60.0	45,115	83.8	102	30.0	1,035,187	22.1
Moderate	1	10.0	900	1.7	89	26.2	1,493,102	31.9
Middle	1	10.0	293	0.5	69	20.3	1,565,209	33.5
Upper	2	20.0	7,500	14.0	80	23.5	584,492	12.5
	HMDA Totals							
Low	113	7.3	86,895	10.4	8,889	4.6	3,736,816	4.6
Moderate	295	19.0	110,407	13.3	32,203	16.7	10,812,458	13.4
Middle	422	27.2	151,609	18.2	61,975	32.1	22,112,142	27.4
Upper	720	46.5	483,061	58.1	89,919	46.6	44,039,446	54.6
NA*	0	0.0	0	0.0	12	0.0	4,304	0.0
Total	1,550	100.0	831,972	100.0	192,998	100.0	80,705,166	100.0

NA*-Tracts without household or family income as applicable

Within the assessment area, home purchase loans were extended most frequently by the bank, while refinance loans were extended more frequently by aggregate reporters. By loan product, Eagle's home purchase performance is considered excellent in comparison to the aggregate, while refinance lending is considered good. Given the limited volume of home improvement and multi-family lending within the assessment area, these loan categories were given minimal weight when considering the bank's overall performance.

During 2016, the bank's total HMDA lending in low-income census tracts (7.3%) substantially exceeds both the percentage of owner-occupied housing units located in such tracts (4.2%) and the aggregate lending level (4.6%) and is considered excellent. The bank's lending in moderate-income census tracts (19%) also exceeds the proportion of owner-occupied housing units located in such tracts (17.9%) and the aggregate lending level (16.7%) and is considered good. On a combined basis, Eagle's 2016 performance is considered excellent, and its 2015 performance is substantially similar.

Distribution of Small Business Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, DC-VA-MD (2016)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	22	5.4	5,081	4.8	4,926	4.0	138,137	3.5
Moderate	75	18.3	20,351	19.3	21,024	17.2	628,776	16.1
Middle	75	18.3	17,429	16.6	37,767	30.8	1,226,773	31.3
Upper	237	58.0	62,313	59.3	58,644	47.9	1,912,427	48.8
NA*	0	0.0	0	0.0	138	0.1	11,369	0.3
Total	409	100.0	105,174	100.0	122,499	100.0	3,917,482	100.0

*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

D&B data from 2016 indicates that 4.4% of all area businesses are located in low-income census tracts and 17.7% are located in moderate-income census tracts. Eagle's small business lending in low-income census tracts (5.4%) exceeds both the D&B demographic proxy and aggregate lending level (4%) and is considered excellent. The bank's lending in moderate-income census tracts (18.3%) is similar to both the D&B proxy and aggregate lending level (17.2%) and is considered good. On a combined basis, Eagle's 2016 performance is considered good, and its 2015 performance is similar.

Distribution by Borrower Income and Revenue Size of the Business:

Eagle's borrower distribution performance is considered adequate for HMDA lending and good for small business lending during both years evaluated. With greater weight accorded to HMDA performance, the bank's overall borrower distribution performance is considered adequate. HMDA loans where borrower income data was not reported are not included in the borrower lending distribution analysis.

Distribution of HMDA Loans by Income Level of Borrower

Washington-Arlington-Alexandria, DC-VA-MD (2016)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	58	4.4	12,100	2.1	10,982	7.2	2,066,131	3.5
Moderate	188	14.3	56,656	10.0	27,864	18.3	7,247,523	12.1
Middle	334	25.5	124,469	21.9	38,685	25.4	13,099,555	21.9
Upper	732	55.8	374,413	66.0	74,561	49.1	37,449,397	62.5
Total	1,312	100.0	567,638	100.0	152,092	100.0	59,862,606	100.0
Unknown	238		264,334		40,906		20,842,560	

Percentages (%) are calculated on all loans where incomes are known

During 2016, the bank's lending to low-income borrowers (4.4%) lagged the aggregate lending level (7.2%) and substantially lagged the percentage of area low-income families (21%). Eagle's lending to moderate-income borrowers (14.3%) also lagged the aggregate lending level (18.3%) and the percentage of area moderate-income families (16.6%). Overall, the bank's distribution of loans reflects an adequate penetration among borrowers of different income levels, and its 2015 performance is similar.

Distribution of Lending by Loan Amount and Size of Business

Washington-Arlington-Alexandria, DC-VA-MD (2016)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	177	43.3	37,333	35.5	61,023	49.4	1,259,030	32.0
Over \$1 Million	211	51.6	60,252	57.3	NA	NA	NA	NA
Unknown	21	5.1	7,589	7.2	NA	NA	NA	NA
by Loan Size								
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$100,000 or less	161	39.4	9,517	9.0	117,624	95.2	1,675,651	42.5
\$100,001-\$250,000	110	26.9	20,123	19.1	2,685	2.2	470,441	11.9
\$250,001-\$1 Million	138	33.7	75,534	71.9	3,236	2.6	1,792,168	45.6
Total	409	100.0	105,174	100.0	123,545	100.0	3,938,260	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

According to 2016 D&B data, 89.6% of all local businesses have revenues that do not exceed \$1 million per year. During 2016, 49.4% of aggregate reported small business loans were to businesses with annual revenues of \$1 million or less. The remaining loans were to businesses that either have revenues exceeding \$1 million or had unknown revenues. As an aspect of performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 51% were made to businesses having annual revenues of \$1 million or less. Eagle's level of lending to businesses having revenues of \$1 million or less (43.3%) is considered good, and its 2015 performance is substantially similar.

Community Development Lending:

Information from individuals knowledgeable of the local market area and review of the performance evaluations of other financial institutions having a local presence indicate that a variety of community development opportunities are available within this assessment area. Notwithstanding its current loan-to-deposit ratio (100.8%), the bank's capacity for additional lending, including community development lending, is not constrained.

Eagle is a leader in providing loans that have a qualified community development purpose. During the evaluation period, the bank originated 35 community development loans totaling \$294.4 million within the assessment area. The dollar volume of community development lending is substantially greater than the previous evaluation (\$37.2 million), with the majority considered responsive to local affordable housing credit needs. Qualified community development loans include:

- Twenty-three loans totaling \$135.7 million to various investors financing affordable multifamily housing projects within the bank's assessment area. Of this total, nine loans totaling \$52.2 million involved the extension of new money to purchase or renovate multifamily properties with rents affordable for low- and moderate-income residents.
- One loan totaling \$100 million that promotes economic development and job creation within the bank's assessment area. The loan provides financing for a hotel and retail development in Prince George's County at the University of Maryland College Park. The development is located in a moderate-income census tract, is consistent with the college's need for hotel and conference space, and will create approximately 400 permanent jobs.
- Two lines of credit totaling \$55.8 million to a local affordable housing organization to finance renovation costs for 679 affordable housing units in the bank's assessment area. The organization provides affordable housing and support services to low- and moderate-income families in Montgomery County.

- Two loans totaling \$1 million to a non-profit corporation created to ensure the safety, security, and protection of nursing home residents. The foundation uses the proceeds of loans from various banks to purchase government securities, splitting the yield between the bank and the foundation. The foundation purchases personal safe deposit boxes for nursing home residents to secure their valuables, operates a crime tip line, and offers other crime prevention programs. This loan sponsors program participation for a senior housing facility in Montgomery County having majority low- and moderate-income residents.
- Two loans totaling \$960,000 to an organization that provides behavioral health services and promotes employment, housing, social, and educational opportunities for people with mental illness in Washington, DC, primarily those living at or below the poverty line.
- Two lines of credit totaling \$500,000 to an organization dedicated to furthering affordable housing and economic development efforts within the bank's assessment area and greater Washington, DC metropolitan area.
- One loan totaling \$350,000 to an organization that provides substance abuse, transitional housing, and outpatient programs to disadvantaged individuals and families in the Washington, DC metropolitan area, including unemployed, underemployed, no-income, and low-income persons.
- One loan totaling \$50,000 to an organization that provides literacy tutoring and mentoring to low-income and underserved elementary school children within the bank's assessment area.
- One loan totaling \$50,000 to an organization that provides free home repairs, upgrades, and modifications for low-income seniors, veterans, and families in Montgomery County.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated Outstanding. As of September 30, 2017, the institution reported \$7.4 billion in total assets and held approximately \$555.8 million in securities. As of the date of this evaluation, Eagle held approximately \$41.5 million in qualified investments, representing .6% of total assets and 7.5% of total securities. The dollar volume of qualified investments has more than doubled since the previous evaluation (\$16.8 million), primarily attributed to investments purchased during the review period that support affordable housing initiatives within the assessment area.

Qualified community development investments include the following:

- Two municipal bonds totaling \$1.5 million issued by the Fairfax County Economic Development Authority, which facilitate the construction of affordable senior housing and a community center that provides services to low- and moderate-income seniors within the assessment area.
- One municipal bond totaling \$2.5 million issued by the Maryland Department of Housing and Community Development, which supports mortgage loans for borrowers with limited incomes throughout the state.
- Two pools of mortgage-backed loans totaling \$2.4 million issued by Federal Home Loan Mortgage Corporation (FHLMC). The mortgage loans were made to low- and moderate-income borrowers or areas within the bank's assessment area.
- Six pools of mortgage-backed loans totaling \$16.3 million issued by Federal National Mortgage Association (FNMA). The mortgage loans were made to low- and moderate-income borrowers or areas within the bank's assessment area.

- Seven pools of mortgage-backed loans totaling \$10.7 million issued by Ginnie Mae. The mortgage loans were made to low- and moderate-income borrowers or areas within the assessment area.
- Two equity investments totaling \$5.5 million in R4 Housing Partners Funds V and VIII, which facilitate the acquisition and development of affordable multifamily housing within the assessment area. The bank has committed an additional \$14.5 million that has not been funded.
- Two equity investments totaling \$2.6 million in small business investment corporations, Farragut Mezzanine Partners III and Pharos Capital Partners, which facilitate investments in small businesses nationwide, including companies located within the bank's assessment area. The bank has committed an additional \$1.9 million that has not been funded.

In addition, the bank contributed \$917,332 in qualified donations during the evaluation period to local organizations that promote affordable housing and assist low- and moderate-income residents. This total includes a \$750,000 contribution to the George Washington University Cancer Center for the purchase of a mobile medical unit that provides free cancer screenings to medically underserved communities of Washington, D.C.

SERVICE TEST

The bank's performance under the service test is rated High Satisfactory. Delivery systems, branch locations, and hours of operation are considered accessible and convenient to all portions of the assessment area. Additionally, bank employees provided a relatively high level of support to organizations that provide community development services throughout the bank's assessment area given the size, location, and financial capacity of the institution.

Retail Services:

Delivery systems are accessible to all portions of the assessment area. Automated teller machines (ATMs), bank-by-phone, mobile and internet banking are available, offering 24-hour account access. The bank offers free access to EagleBank ATMs, mobile, and internet banking services. The bank also offers low- or no-cost deposit accounts for small businesses, while consumer deposit accounts generally have minimum balance or transaction requirements to avoid monthly service fees.

Branch locations and hours of operation are considered accessible to all portions of the assessment area and do not vary in a way that inconveniences low- and moderate-income individuals or areas. The institution operates 21 full-service branch offices within the assessment area, of which none are located in low-income census tracts, six are located in moderate-income tracts, and the remaining are located in middle- and upper income census tracts. The absence of branches in low-income census tracts is below the percentage of low-income tracts (10.7%) and families residing in such tracts (8.7%). However, the distribution of branches in moderate-income tracts (28.6%) exceeds the percentage of moderate-income tracts (23.7%) and families residing in such tracts (21%).

Branch offices generally have consistent hours and availability across the assessment area; all locations are open until 4:00 p.m. Monday through Thursday and until 5:00 p.m. on Fridays. Four bank branches are open on Saturdays from 9:00 a.m. until noon, of which one is located in a moderate-income tract, one in a middle-income tract, and two in upper-income tracts.

Changes in branch locations during the evaluation period have not adversely affected low- and moderate-income individuals or areas. As previously noted, the institution opened two new branch offices (Georgetown, Twinbrook) and closed three offices (Arlington, Georgetown, Rollins) during the evaluation period. Additionally, the bank relocated one branch office within the same census tract (Chevy Chase). The Rollins branch closure was located in a moderate-income census tract; however, the new Twinbrook office is located 0.3 miles away in an adjacent moderate-income tract. The remaining branching activity did not impact low- or moderate-income areas.

Community Development Services:

The bank and its employees participate in a relatively high level of community development service activities benefiting local organizations within the assessment area. Bank directors, officers, and employees serve on the board of directors, assist with fundraising, or provide financial education or expertise to 34 local organizations, including 25 that provide community services to low- and moderate-income individuals, six that support small businesses and facilitate economic development, and three that promote affordable housing. Examples of these activities include but are not limited to the following:

- A bank officer serves on the board of directors for Project Impact, which provides renovations for low- and moderate-income housing projects and upgrades to small businesses to provide a better quality of life.
- A bank officer is a member of the fundraising committee for Higher Achievement, a nonprofit that operates summer and after school programs for underprivileged youth in the mid-Atlantic region, including the bank's assessment area.
- A bank employee is a board member for Northern Virginia Family Service, which provides essential services such as early childhood development, housing, and workforce development to create self-sufficiency for individuals and families living in poverty.
- An employee serves as board member and treasurer of Arlington Thrive, which provides same-day emergency funds to Arlington residents facing financial distress or crisis so they can be secure in their jobs, health, and homes.
- A bank employee serves on the advisory board of Community Cares Community Does, an organization that facilitates the mental, physical, and emotional development of students in the most underprivileged and underserved neighborhoods of Washington, DC.
- An employee serves as a board member for Latin American Youth Center, which empowers low-income youth to achieve a successful transition to adulthood through academic, job readiness, safe housing, and wellness programs that address their social, academic, and career needs. The organization serves over 4,000 youth and families annually from Washington, DC, Montgomery and Prince George's County, MD.
- An employee provided financial education during 2016 and 2017 for the Collective Empowerment Group, a faith-based community group that empowers underserved communities in partnership with financial institutions and local businesses. Eagle is a partner of the organization, which was formed in 1993 to address concerns of inequitable access to services in Prince George's County and the Washington, DC metropolitan area. Today, the organization focuses on financial literacy, education, healthcare, homeownership preservation, public safety, and public policy.
- A bank officer is a board member for Devotion to Children, a local nonprofit that provides access to affordable education and childcare programs for children from economically disadvantaged families.
- An employee serves on the board of directors and finance committee of Rainbow Place Shelter, which provides emergency overnight shelter to women experiencing homelessness and assists them in transitioning to a better quality of life.
- An employee serves on the board of directors and finance committee of Ivy Community Charities, a nonprofit organization that provides community outreach and after school programs to support low- and moderate-income youth in Prince George's County.

- A bank officer serves as a member and provides financial expertise to the Montgomery County Economic Development Corporation, which promotes area economic development, recruits and retains local businesses, and provides resources and support to small businesses.
- Three employees serve on loan committees of the Business Finance Group – CDC, which provides lending solutions for small businesses primarily through SBA 504 loan programs.
- Three employees serve on the board of directors and provide financial expertise to the Montgomery County, Loudoun County, and Alexandria City chambers of commerce, which promote economic development and support local businesses, including startup and small businesses. Additionally, an employee provided financial education to new and expanding veteran-owned businesses through the Montgomery County Chamber of Commerce.
- An employee serves as a member and provides financial expertise to the Housing Association of Nonprofit Developers (HAND), an organization that promotes affordable housing in the Washington, DC metropolitan area.
- A bank director is a board member for the District of Columbia Building Industry Association (DCBIA), whose mission is to make Washington, DC a livable, competitive, and thriving community for all by addressing economic development issues, including affordable housing and community development.

In addition, the bank participates in the following community development service activities that benefit low- and moderate-income individuals:

- Several officers and employees participate in the EagleBank Foundation, which provides charitable contributions to local hospitals and community organizations dedicated to cancer research and treatment, as well as other nonprofit organizations that serve low- and moderate-income individuals throughout the Washington, DC metropolitan area.
- The bank partners with the Federal Home Loan Bank of Atlanta (FHLBA) to offer down payment assistance grants up to \$5,000 for first time homebuyers and \$7,500 for community partners, such as law enforcement, firefighters, education, and healthcare employees. During 2016 and 2017, the bank assisted 139 borrowers in the Washington, DC metropolitan area obtain a total of \$720,000 in assistance. Approximately half of the total assistance directly benefited borrowers within the bank's assessment area.
- The bank participates in the Maryland, District of Columbia, and Virginia Interest on Lawyer Trust Account (IOLTA) programs. The programs utilize interest from lawyers' trust accounts to provide civil legal aid to low- and moderate-income citizens. Currently, Eagle holds a total of 258 IOLTA accounts (146 in Maryland, 23 in Virginia, and 89 in the District of Columbia).
- The bank participates in the Maryland Affordable Housing Trust Account (MAHT) program, which requires the bank to pay interest on the deposit accounts of law firm clients that would otherwise be non-interest bearing. Interest proceeds from the accounts are used to support affordable housing programs in Maryland. The bank currently holds 57 trust accounts.

ASSESSMENT AREA DELINEATION

A review of the bank's assessment area found that its delineation complied with the requirements of Regulation BB. Eagle's assessment area delineation included all of the its branches and deposit taking automated teller machines. While the bank's assessment area delineation includes less than an entire MSA, the delineated area contained whole political subdivisions, did not reflect illegal discrimination (e.g. through the exclusion of majority-minority census tracts), and did not arbitrarily exclude low- or moderate-income census tracts.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - (A) Rates of poverty, unemployment, and population loss; or
 - (B) Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.