



## Audit Committee Charter

---

### Goals and Objectives

The primary function of the Audit Committee (herein referred to as the “Committee”) is to oversee and report to the Board of Directors regarding the 1) integrity of the financial statements and accounting and financial reporting processes of Eagle Bancorp, Inc. and its subsidiaries (the “Company”), 2) the Company’s compliance with legal and regulatory requirements, 3) the independent accountant’s qualifications and independence, 4) the performance of the Company’s internal audit function and independent accountants, and 5) perform the other duties of the Committee specified by federal and state banking and securities laws and regulations, the listing standards of The NASDAQ Stock Market, Inc. and other securities exchange or market on which the Company’s securities are listed or eligible for trading (“Listing Standards”).

While the Committee has the review, oversight, and reporting responsibilities set forth in this charter, it does not have responsibility for planning or conducting audits or for determining that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Those are responsibilities of management and the independent accountants, rather than the Committee. The Committee also is not responsible for ensuring compliance with laws or regulations.

### General Responsibilities

1. It is the responsibility of the Committee to maintain open avenues of communication among the internal auditors, the independent accountants, the board of directors and management.
2. The Committee will meet at least four times each year or more frequently if appropriate. The Committee Chairman has the power to call a Committee meeting as the need arises. An Audit Committee member should not vote on any matter in which he or she is not independent. The Committee may ask members of management or others to attend the meeting and is authorized to receive all pertinent information from management.
3. The Committee shall establish procedures for the (a) receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) confidential, anonymous submission by the Company’s employees of concerns regarding questionable accounting or auditing matters.
4. The Committee shall regularly report on its activities to the Board and shall provide the Board with such information as the Board may request, and shall

make such recommendations as the Committee shall deem appropriate.

5. The Committee shall fulfill such other duties and responsibilities as are required by applicable law, the regulations of the Securities and Exchange Commission (“SEC”), or the Listing Standards, and as assigned to the Committee from time to time by the Board.

## **Membership**

6. The Committee shall consist of three or more independent directors, appointed by the Board on an annual basis. In determining the independence of members of the Committee, the Board shall meet current standards of independence established for service on the audit committee by applicable law, the regulations of the SEC, the Listing Standards and the Federal Deposit Insurance Corporation. At a minimum, all Committee members shall have (a) the ability to read and understand fundamental financial statements, including the Company’s balance sheet, income statement, cash flow statement, and key performance indicators; (b) the ability to understand key business and financial risks, related controls and control processes. No member of the Committee shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. At least one member of the Committee shall have past employment in finance or accounting, professional certification in accounting or other comparable experience or background which causes such member to be financially sophisticated, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

## **Responsibilities for Engaging Independent Accountants and Appointing the Internal Auditor**

7. The Committee shall be solely responsible for: (a) the appointment, compensation, retention and oversight (including resolution of disagreements between management and the independent accountants regarding financial reporting) and termination of the Company’s independent accountants engaged for the purpose of preparing or issuing an audit report or performing other audit, review and attest services, who shall report directly to the Committee, (b) the approval, before such engagement commences, of all audit, review and attest engagements of the independent accountants; and (c) the approval, before such engagement commences, of all non-audit service engagements of the independent accountants.
8. The Committee shall be solely responsible for determining and approving fees and other terms for engagements.
9. Notwithstanding the foregoing, the Committee shall not approve any non-audit service engagement where the provision of such service by the independent accountants is prohibited by applicable law, the regulations of the SEC or the

Listing Standards, and the independent accountant shall not provide any such prohibited service.

10. Notwithstanding the foregoing, pre-approval is not required with respect to the provision of non-audit services if: (a) the aggregate amount of all such non-audit services provided to the Company constitutes 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; (b) such services were not recognized by the Company at the time of the engagement to be non-audit services; and (c) the non-audit services are promptly brought to the attention of the Committee and approved by the Committee, or by one or more members of the Committee to whom authority to grant such approval has been delegated, prior to the completion of the audit.
11. The Committee may delegate the authority to grant such pre-approvals to one or more Committee members designated by the Committee, provided that any matters so pre-approved shall be presented to the full Committee at its next regular meeting.
12. The Committee will review and have veto power over the appointment, replacement, reassignment or dismissal of the Chief Audit Executive. The Committee will also determine the compensation levels for the Chief Audit Executive and the internal audit staff.
13. The Committee will oversee the compliance with lead (or coordinating) and review partner and other rotation requirements by the independent accountant.
14. On an annual basis, the Committee shall receive from the independent accountants the written disclosures and letters required to be provided, and review and discuss with the accountants all significant relationships the accountants have with the Company to determine the accountants' independence.
15. The Committee will consider, in consultation with the independent accountant and internal audit, the audit scope and procedural plans made by internal audit and the independent accountant. The Committee will review and discuss with internal audit and the independent accountant their plans to coordinate the internal and external audits. The purpose of coordinating these efforts is to assure completeness of coverage, reduce redundancy and use audit resources effectively.
16. The Committee will listen to management and the independent accountant if either thinks there might be a need to engage additional auditors. The Committee will decide whether to engage an additional firm and, if so, which one.

### **Responsibilities for Reviewing Internal Audits, The Annual External Audit and The Review of Quarterly and Annual Financial Statements**

17. The Committee will ascertain that the independent accountant views the

Committee as its client, and that it will provide the Committee with a timely analysis of significant financial reporting issues.

- 18.** The Committee will discuss with management, the internal auditor and the independent accountant significant risks and exposures and will assess management's steps to minimize them.
- 19.** The Committee will review the following with the independent accountant, the internal auditor and management:
  - a.** The adequacy of the bank's internal controls, including computerized information system controls and security; policies and procedures and the resolution of identified material weaknesses and reportable conditions in internal controls;
  - b.** Any fraud that involves management or other employees who have a significant role in the Company's internal controls;
  - c.** Any significant findings and recommendations made by the independent accountant or internal auditing, together with management's responses to them;
  - d.** All critical accounting policies and practices and any other material components of the Company's financial statements involving management's judgment or estimates, and about the quality of accounting principals and the clarity of financial disclosure practices used or proposed to be used by the Company;
  - e.** The alternative treatments of financial information within generally accepted accounting principles that have been discussed with management officials, ramifications of the use thereof, and the treatment preferred by the independent accountants, as well as any required or suggested changes in auditing or accounting practices or principles;
  - f.** Material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or others that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources of significant components of revenue or expenses;
  - g.** Any material changes in accounting policies or practices and the impact thereof on the Company's financial statements;
  - h.** The annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";
  - i.** Any report or recommendations of the independent accountants;
  - j.** Anything else about the audit procedures or findings that GAAP requires the



26. The Committee shall review legal and regulatory matters that may have a material effect on the organization's financial statements, compliance policies and programs and reports from regulators.
27. The Committee shall meet with the internal auditor, the independent accountant and management in separate executive sessions to discuss any matters that warrant Committee attention
28. The Committee shall review and assess at least annually the adequacy of this Charter in light of applicable law and the rules of the SEC and the Listing Standards.
29. The Committee shall discuss the Company's policies with respect to risk assessment and risk management, including legal and ethical compliance programs.
30. The Committee shall evaluate its own performance on an annual basis, including its compliance with this Charter, and provide the Board with any recommendations for changes in procedures and policies governing the Committee.
31. The Committee shall assess the continued adequacy of the Internal Audit Charter, as well as, the responsibilities, budget and staffing of the internal audit function.