



Audit Committee Charter

Purpose

The primary purposes of the Eagle Bancorp, Inc. Committee (Committee) are to provide assistance to the Board of Directors by:

- Monitoring the integrity of the financial statements and accounting and financial reporting processes of Eagle Bancorp, Inc. and its subsidiaries (the “Company”)
- Monitoring the Company’s compliance with legal and regulatory requirements
- Monitoring the Company’s compliance with the Code of Business Conduct and Ethics
- Evaluating the independent accountant’s qualifications and independence
- Evaluating the performance of the Company’s internal audit function and independent accountants
- Performing 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 and regulations, or with the Code of Business Conduct and Ethics.

Membership and Structure

The Committee shall consist of at least 4 independent directors appointed by the Board on an annual basis. The Board shall also appoint the audit committee chair. 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.



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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 be designated as the “financial expert,” as defined by applicable legislation and regulation.

Voting members shall consist of the following positions, except as noted:

- Audit Committee Chair
- Audit Committee Co-Chair
- Audit Committee Member
- Audit Committee Member
- Chief Audit Executive (non-voting)

A voting quorum is considered the majority of voting members and required for the approval of minutes, policies, audit plan, audit reports, etc. Membership may change from time-to-time as voting members may be added or removed by the Committee. Committee members may include Bank directors who are not on the Holding Company board but are selected as members due to their expertise. The quorum pertains only to Holding Company board members who serve on the Audit Committee.

Meetings

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. The Committee Chair (or Co-Chair in the absence of the Chair) will preside at each meeting of the Committee and, in consultation with the other members of the Committee, shall set the agenda of items to be addressed at each meeting and will report the highlights of Committee meetings to the Board of Directors via meeting minutes and/or formal reports. The Committee Chair/Co-Chair shall ensure that relevant meeting materials are gathered and distributed at least five days in advance of the scheduled meeting. Meeting minutes are required and voting members shall review and approve meeting minutes. Management may be invited to Committee meetings for reporting or discussion of risks in their respective areas. The Committee shall meet quarterly in person; however teleconference attendance is permissible from time-to-time. Meetings shall allow for an Executive Session.



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Authority

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the Company.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Pre-approve all auditing and non-audit services.
- Retain and terminate independent counsel, accountants, or other advisors to advise the committee or assist in the conduct of an investigation, without seeking further approval of the Board of Directors, and the Company shall provide for appropriate funding thereof.
- Seek any information it requires from employees – all of whom are directed to cooperate with the committee’s requests – or external parties.
- Meet with the Company officers, external auditors, or outside counsel, as necessary.

Responsibilities and Duties

The Audit Committee will carry out the following responsibilities:

External Audit

1. Be solely responsible for: (a) the appointment, compensation, retention and oversight and termination of the Company’s external auditors 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 external auditors; and (c) the approval, before such engagement commences, of all non-audit service engagements of the external auditors.
2. Be solely responsible for determining and approving fees and other terms for engagements.
3. Notwithstanding the foregoing, the Committee shall not approve any non-audit service engagement where the provision of such service by the external auditors is prohibited by applicable law, the regulations of the SEC or the Listing Standards, and the external auditors shall not provide any such prohibited service.
4. 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



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Company to its external auditors 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.

5. 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.
6. Oversee the compliance with rotation of the lead and review partners by the external auditors.
7. Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit. The purpose of coordinating these efforts is to assure completeness of coverage, reduce redundancy and use audit resources effectively.
8. On an annual basis, receive from the external auditors the written disclosures and letters required to be provided, and review and discuss with the external auditors all significant relationships they have with the Company to determine their independence.
9. Listen to management and the external auditors 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.
10. Ascertain that the external auditors view the Committee as its client, and that it will provide the Committee with a timely analysis of significant financial reporting issues.
11. On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
12. Review the results of the annual audit with the external auditors, including the following:
 - Any significant findings and recommendations made by the external auditor, together with management's responses;
 - Resolution of identified material weaknesses and significant deficiencies in internal controls;
 - Any fraud that involves senior management or that causes a material misstatement of the financial statements;



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- All critical accounting policies and practices and any other material components of the Company's financial statements involving management's judgment or estimates, and the quality of accounting principles and the clarity of financial disclosure practices used or proposed to be used by the Company;
- The alternative treatments of financial information within GAAP that have been discussed with management, 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;
- Any material changes in accounting policies or practices and the impact thereof on the Company's financial statements;
- 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 or significant components of revenue or expenses;
- 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";
- Disclosures made by CEO and CFO during the Forms 10-K and 10-Q certification process about significant deficiencies in the design or operation of internal controls;
- Any difficulties or disputes encountered with management while conducting audits, including any restrictions on the scope of their work or access to required information.
- Any proposed audit adjustments, including corrected or uncorrected misstatements.
- Anything else about the audit procedures or findings that generally accepted auditing standards requires the external auditors to discuss with the Committee.

Internal Audit

13. Review and have veto power over the appointment, replacement, reassignment or dismissal of the Chief Audit Executive, and ensure there are no unjustified restrictions or limitations.
14. Assess the continued adequacy of the Internal Audit Charter, as well as, the responsibilities, budget, organizational structure, and staffing of the internal audit function.



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15. Discuss the company's policies with respect to internal audit methodologies regarding risk assessment and risk management.
16. Approve the annual internal audit plan and all major changes to the plan. Review the internal audit activity's performance relative to its plan.
17. Review with the Chief Audit Executive the internal audit budget, resource plan, activities and organizational structure of the internal audit function.
18. At least once per year, review the performance of the Chief Audit Executive and concur with the annual compensation and salary adjustment.
19. Review the effectiveness of the internal audit function.
20. On a regular basis, meet separately with the Chief Audit Executive to discuss any matters that the committee or internal audit believes should be discussed privately.

Internal Controls

21. Consider the effectiveness of the Company's internal control system, including information technology security and controls.
22. Ensure that senior management establishes and maintains an adequate and effective internal control system and processes.
23. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
24. Monitor, track, and hold management accountable for addressing deficiencies that auditors or regulators identify. Also, when necessary, provide discipline to ensure effective and timely response by management to correct control weaknesses and violations of law or regulation noted in internal or external audit reports or in examination reports.

Quarterly and Annual Financial Statements

25. Review quarterly and annual filings with the SEC and other published documents containing the Company's financial statements and consider whether the information in the filings is complete and consistent with the information in the financial statements. The Committee shall discuss public release of financial information (particularly use of "pro forma," or "adjusted" non-GAAP, information). For the quarterly SEC filings, the review will include a review of the adequacy of the calculation of the allowance for loan losses.



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26. Determine that the quarterly financial statements have been reviewed by the external auditors in accordance with AU Sec. 722 (previously SAS 100) before those interim statements are released to the public or filed with the SEC.
27. Prepare a report for inclusion in the proxy statement that describes the Committee's composition and responsibilities, and how they were discharged, including a statement regarding their review and discussion of the annual financial statements, review of the independence of the independent accountants, and discussions with the independent accountants, and a statement that based on the foregoing, the Committee recommended that the annual financial statements be included in the Company's annual report on Form10-K.
28. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
29. Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
30. Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
31. Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
32. Review interim financial reports with management and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.

Compliance

33. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
34. Review the findings of any examinations by regulatory agencies, and any auditor observations.
35. Review the process for communicating the code of conduct to company personnel, and for monitoring compliance therewith.



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36. Obtain regular updates from management and company legal counsel regarding compliance matters.

Ethics and Code of Conduct

37. Monitor compliance with the Company's Code of Business Conduct and Ethics.
38. Discuss with the Ethics Program Officer, the processes designed to facilitate compliance with the Company's code of ethics and obtain reports regarding such compliance by the Company and its subsidiaries or affiliated entities. The Ethics Program Officer shall have the express authority to communicate personally to the Committee: a) no less than annually on the implementation and effectiveness of the Company's ethics program; and b) promptly on any matter involving criminal conduct or potential criminal conduct.

Reporting Responsibilities

39. Regularly report to the board of directors about committee activities, issues, and related recommendations.
40. Provide an open avenue of communication between internal audit, the external auditors, and the board of directors.
41. Report annually to the shareholders, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
42. Oversee regulatory reporting under FDICIA.
43. Review any other reports the Company issues that relate to committee responsibilities.

Other Responsibilities

44. Institute and oversee special investigations as needed.
45. Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
46. Confirm annually that all responsibilities outlined in this charter have been carried out.
47. Evaluate the committee's and individual members' performance on a regular basis.



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48. On an on-going basis, conduct an appropriate review of all related party transactions for potential conflicts of interest. All such transactions shall be approved by the Committee to the extent required by applicable law.
49. To the extent it determines appropriate, review from time to time the expenses of the senior officers (and, if it so desires, any other officers) of the Company charged to the Company and any transactions between the Company and any of its subsidiaries.
50. Establish and maintain procedures (also known as whistle-blower 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, internal accounting control, or auditing matters aligned with Sarbanes Oxley Section 301.
51. Perform other activities related to this charter as requested by the board of directors.

Delegation of Authority

The Committee shall also:

- Meet in executive sessions with members of executive management, the Chief Audit Executive, the Ethics Officer and representatives of the external auditors.
- Maintain minutes of its meetings and records related to those meetings and the Committee's activities.
- Review and assess the quality and clarity of the information provided to the Committee and make recommendations to management for improving such materials.
- Have authority to obtain advice and assistance from internal legal, accounting, or other advisors.
- Have the authority to retain independent legal, accounting, economic, or other advisors.
- Form and delegate authority to subcommittees of one or more Committee members when appropriate and as permitted by law.

Approved:

Date: