

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended September 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-25923

Eagle Bancorp, Inc.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

7830 Old Georgetown Road, Third Floor, Bethesda, Maryland
(Address of principal executive offices)

52-2061461

(I.R.S. Employer
Identification No.)

20814
(Zip Code)

(301) 986-1800

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value	EGBN	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller Reporting Company
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 1, 2024, the registrant had 30,201,538 shares of Common Stock outstanding.

EAGLE BANCORP, INC.
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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EAGLE BANCORP, INC.
Consolidated Balance Sheets (Unaudited)
(dollars in thousands, except share and per share data)

	September 30, 2024	December 31, 2023
Assets		
Cash and due from banks	\$ 16,383	\$ 9,047
Federal funds sold	9,610	3,740
Interest-bearing deposits with banks and other short-term investments	584,491	709,897
Investment securities available-for-sale (amortized cost of \$1,550,038 and \$1,668,316, respectively, and allowance for credit losses of \$17 and \$17, respectively)	1,433,006	1,506,388
Investment securities held-to-maturity, net of allowance for credit losses of \$1,237 and \$1,956, respectively (fair value of \$868,425 and \$901,582, respectively)	961,925	1,015,737
Federal Reserve and Federal Home Loan Bank stock	37,728	25,748
Loans held for investment, at amortized cost	7,970,269	7,968,695
Less: allowance for credit losses	(111,867)	(85,940)
Loans held for investment, net of allowance	7,858,402	7,882,755
Premises and equipment, net	8,291	10,189
Right-of-use assets - operating leases	15,167	19,129
Deferred income taxes	74,381	86,620
Bank-owned life insurance	115,064	112,921
Goodwill and other intangible assets, net	21	104,925
Other real estate owned	2,743	1,108
Other assets	167,840	176,334
Total Assets	\$ 11,285,052	\$ 11,664,538
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing demand	\$ 1,609,823	\$ 2,279,081
Interest-bearing transaction	903,300	997,448
Savings and money market	3,316,819	3,314,043
Time	2,710,908	2,217,467
Total deposits	8,540,850	8,808,039
Customer repurchase agreements	32,040	30,587
Other short-term borrowings	1,240,000	1,369,918
Long-term borrowings	75,812	—
Operating lease liabilities	18,755	23,238
Reserve for unfunded commitments	5,060	5,590
Other liabilities	147,111	152,883
Total Liabilities	10,059,628	10,390,255
Shareholders' Equity		
Common stock, par value \$0.01 per share; shares authorized 100,000,000, shares issued and outstanding 30,173,200 and 29,925,612, respectively	298	296
Additional paid-in capital	382,284	374,888
Retained earnings	967,019	1,061,456
Accumulated other comprehensive loss	(124,177)	(162,357)
Total Shareholders' Equity	1,225,424	1,274,283
Total Liabilities and Shareholders' Equity	\$ 11,285,052	\$ 11,664,538

See Notes to Consolidated Financial Statements.

EAGLE BANCORP, INC.
Consolidated Statements of Operations (Unaudited)
(dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest Income				
Interest and fees on loans	\$ 139,836	\$ 132,273	\$ 415,446	\$ 382,116
Interest and dividends on investment securities	12,578	13,732	37,663	41,518
Interest on balances with other banks and short-term investments	21,296	15,067	65,726	34,070
Interest on federal funds sold	103	77	311	202
Total interest income	<u>173,813</u>	<u>161,149</u>	<u>519,146</u>	<u>457,906</u>
Interest Expense				
Interest on deposits	81,190	70,929	237,419	179,305
Interest on customer repurchase agreements	332	311	977	946
Interest on other short-term borrowings	20,448	18,152	62,856	56,989
Interest on long-term borrowings	—	1,038	—	3,112
Total interest expense	<u>101,970</u>	<u>90,430</u>	<u>301,252</u>	<u>240,352</u>
Net Interest Income	71,843	70,719	217,894	217,554
Provision for Credit Losses	10,094	5,644	54,228	17,046
(Reversal of) Provision for Credit Losses for Unfunded Commitments	(1,593)	(839)	(529)	327
Net Interest Income After (Reversal of) Provision for Credit Losses	63,342	65,914	164,195	200,181
Noninterest Income				
Service charges on deposits	1,747	1,631	5,099	4,767
Gain (loss) on sale of loans	20	(5)	57	395
Net gain (loss) on sale of investment securities	3	5	10	(14)
Increase in the cash surrender value of bank-owned life insurance	731	669	2,143	1,972
Other income	4,450	4,047	8,563	11,522
Total noninterest income	<u>6,951</u>	<u>6,347</u>	<u>15,872</u>	<u>18,642</u>
Noninterest Expense				
Salaries and employee benefits	21,675	21,549	65,171	67,680
Premises and equipment expenses	2,794	3,095	8,747	9,639
Marketing and advertising	1,588	768	4,109	2,288
Data processing	3,435	3,194	10,223	9,647
Legal, accounting and professional fees	3,433	2,162	8,645	8,065
FDIC insurance	7,399	3,342	19,728	7,409
Goodwill impairment	—	—	104,168	—
Other expenses	3,290	3,523	9,311	11,467
Total noninterest expense	<u>43,614</u>	<u>37,633</u>	<u>230,102</u>	<u>116,195</u>
Income (Loss) Before Income Tax Expense	26,679	34,628	(50,035)	102,628
Income Tax Expense	4,864	7,245	12,290	22,319
Net Income (Loss)	\$ 21,815	\$ 27,383	\$ (62,325)	\$ 80,309
Earnings (Loss) Per Common Share				
Basic	\$ 0.72	\$ 0.91	\$ (2.07)	\$ 2.63
Diluted	\$ 0.72	\$ 0.91	\$ (2.07)	\$ 2.63

See Notes to Consolidated Financial Statements.

EAGLE BANCORP, INC.
Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net Income (Loss)	\$ 21,815	\$ 27,383	\$ (62,325)	\$ 80,309
Other Comprehensive Income (Loss), Net of Tax:				
Unrealized gain (loss) on securities available-for-sale	35,338	(21,314)	33,901	(15,452)
Reclassification adjustment for (gain) loss included in net income (loss)	(2)	(4)	(8)	10
Total unrealized gain (loss) on investment securities available-for-sale	35,336	(21,318)	33,893	(15,442)
Amortization of unrealized loss on securities transferred to held-to-maturity	1,355	1,400	4,062	3,444
Total unrealized gain on investment securities held-to-maturity	1,355	1,400	4,062	3,444
Unrealized (loss) gain on derivatives	(25)	—	225	—
Total unrealized (loss) gain on derivatives	(25)	—	225	—
Other comprehensive income (loss)	36,666	(19,918)	38,180	(11,998)
Comprehensive Income (Loss)	\$ 58,481	\$ 7,465	\$ (24,145)	\$ 68,311

See Notes to Consolidated Financial Statements.

EAGLE BANCORP, INC.
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
Three Months Ended September 30, 2024 and 2023
(dollars in thousands except share and per share data)

	Common			Accumulated Other			Shareholders' Equity
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)		
Balance July 1, 2024	30,180,482	\$ 297	\$ 380,142	\$ 949,863	\$ (160,843)	\$ 1,169,459	
Net Income	—	—	—	21,815	—	21,815	
Other comprehensive income, net of tax	—	—	—	—	36,666	36,666	
Stock-based compensation expense	—	—	2,019	—	—	2,019	
Forfeitures of time-based stock awards and shares withheld for payroll taxes	(23,925)	1	(1)	—	—	—	
Time-based stock awards granted	10,082	—	—	—	—	—	
Issuance of common stock related to employee stock purchase plan	6,561	—	124	—	—	124	
Cash dividends declared (\$0.165 per share)	—	—	—	(4,659)	—	(4,659)	
Balance September 30, 2024	30,173,200	\$ 298	\$ 382,284	\$ 967,019	\$ (124,177)	\$ 1,225,424	
Balance July 1, 2023	29,912,082	\$ 296	\$ 370,278	\$ 1,040,779	\$ (191,587)	\$ 1,219,766	
Net Income	—	—	—	27,383	—	27,383	
Other comprehensive loss, net of tax	—	—	—	—	(19,918)	(19,918)	
Stock-based compensation expense	—	—	1,969	—	—	1,969	
Forfeitures of time-based stock awards and shares withheld for payroll taxes	(15,250)	—	—	—	—	—	
Time-based stock awards granted	14,280	—	—	—	—	—	
Issuance of common stock related to employee stock purchase plan	6,870	—	145	—	—	145	
Cash dividends declared (\$0.45 per share)	—	—	—	(13,463)	—	(13,463)	
Common stock repurchased	—	—	2	—	—	—	2
Balance September 30, 2023	29,917,982	\$ 296	\$ 372,394	\$ 1,054,699	\$ (211,505)	\$ 1,215,884	

See Notes to Consolidated Financial Statements.

EAGLE BANCORP, INC.
Consolidated Statements of Changes in Shareholders' Equity - Continued (Unaudited)
Nine Months Ended September 30, 2024 and 2023
(dollars in thousands except share and per share data)

	Common		Accumulated Other				
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Shareholders' Equity	
Balance January 1, 2024	29,925,612	\$ 296	\$ 374,888	\$ 1,061,456	\$ (162,357)	\$ 1,274,283	
Net Loss	—	—	—	(62,325)	—	(62,325)	
Other comprehensive income, net of tax	—	—	—	—	38,180	38,180	
Stock-based compensation expense	—	—	7,051	—	—	7,051	
Forfeitures of time-based stock awards and shares withheld for payroll taxes	(66,845)	2	(2)	—	—	—	
Vesting of performance-based stock awards, net of shares withheld for payroll taxes	12,013	—	—	—	—	—	
Time-based stock awards granted	285,978	—	—	—	—	—	
Issuance of common stock related to employee stock purchase plan	16,442	—	347	—	—	347	
Cash dividends declared (\$1.065 per share)	—	—	—	(32,112)	—	(32,112)	
Balance September 30, 2024	30,173,200	\$ 298	\$ 382,284	\$ 967,019	\$ (124,177)	\$ 1,225,424	
Balance January 1, 2023	31,346,903	\$ 310	\$ 412,303	\$ 1,015,215	\$ (199,507)	\$ 1,228,321	
Net Income	—	—	—	80,309	—	80,309	
Other comprehensive loss, net of tax	—	—	—	—	(11,998)	(11,998)	
Stock-based compensation expense	—	—	7,653	—	—	7,653	
Forfeitures of time-based stock awards and shares withheld for payroll taxes	(59,314)	1	(1)	—	—	—	
Vesting of performance-based stock awards, net of shares withheld for payroll taxes	27,296	—	—	—	—	—	
Time-based stock awards granted	187,822	—	—	—	—	—	
Issuance of common stock related to employee stock purchase plan	15,275	—	459	—	—	459	
Cash dividends declared (\$1.35 per share)	—	—	—	(40,825)	—	(40,825)	
Common stock repurchased	(1,600,000)	(15)	(48,020)	—	—	(48,035)	
Balance September 30, 2023	29,917,982	\$ 296	\$ 372,394	\$ 1,054,699	\$ (211,505)	\$ 1,215,884	

See Notes to Consolidated Financial Statements.

EAGLE BANCORP, INC.
Consolidated Statements of Cash Flows (Unaudited)
(dollars in thousands)

	Nine Months Ended September 30,	
	2024	2023
Cash Flows From Operating Activities:		
Net (Loss) Income	\$ (62,325)	\$ 80,309
Adjustments to reconcile Net (Loss) Income to net cash provided by operating activities:		
Provision for credit losses	54,228	17,046
(Reversal of) provision for unfunded commitments	(529)	327
Goodwill impairment	104,168	—
Depreciation and amortization	2,162	2,649
Gain on sale of loans	(57)	(395)
(Gain) loss on mortgage servicing rights	(1,512)	108
Securities premium amortization, net	4,178	4,766
Origination of loans held for sale	—	(29,690)
Proceeds from sale of loans held for sale	—	36,819
Net gain on sale of other real estate owned	—	(134)
(Gain) loss on call/sale of investment securities	(10)	14
Net increase in cash surrender value of BOLI	(2,143)	(1,972)
Stock-based compensation expense	7,051	7,653
Decrease (increase) in other assets	5,943	(29,589)
Increase in other liabilities	2,528	51,058
Net Cash Provided by Operating Activities	113,682	138,969
Cash Flows From Investing Activities:		
Investment securities available-for-sale:		
Proceeds from maturities	89,035	92,647
Proceeds from call/sale	27,000	8,303
Investment securities held-to-maturity:		
Proceeds from maturities	53,187	60,312
Proceeds from call	4,644	2,906
Proceeds from (purchase of) Federal Reserve stock	(222)	39,378
Purchase of Federal Home Loan Bank stock	(11,758)	—
Proceeds from sale of mortgage servicing rights	4,798	—
Net increase in loans	(32,828)	(287,673)
Redemption of BOLI	—	736
Proceeds from sale of OREO	656	609
Net change in premises and equipment	(183)	(298)
Net Cash Provided by (Used in) Investing Activities	134,329	(83,080)
Cash Flows From Financing Activities:		
Decrease in deposits	(267,189)	(336,876)
Increase (decrease) in customer repurchase agreements	1,453	(9,411)
Net (decrease) increase in short-term borrowings	(130,000)	325,000
Net proceeds from long-term borrowings	75,812	—
Proceeds from employee stock purchase plan	347	459
Common stock repurchased	—	(48,035)
Cash dividends paid	(40,634)	(40,825)
Net Cash Used in Financing Activities	(360,211)	(109,688)
Net Decrease in Cash and Cash Equivalents	(112,200)	(53,799)
Cash and Cash Equivalents at Beginning of Period	722,684	311,854
Cash and Cash Equivalents at End of Period	\$ 610,484	\$ 258,055

See Notes to Consolidated Financial Statements.

EAGLE BANCORP, INC.
Consolidated Statements of Cash Flows - Continued (Unaudited)
(dollars in thousands)

	Nine Months Ended September 30,	
	2024	2023
Supplemental Cash Flows Information:		
Interest paid	\$ 309,165	\$ 266,633
Income taxes paid	\$ 5,980	\$ 16,940
Non-Cash Investing Activities:		
Transfer of loans for investment to loans held for sale	\$ 5,000	\$ —
Transfers from loans to other real estate owned	\$ 2,370	\$ —

See Notes to Consolidated Financial Statements.

EAGLE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The Consolidated Financial Statements include the accounts of Eagle Bancorp, Inc. (the "Parent") and its subsidiaries (together with the Parent, the "Company"), with all significant intercompany transactions eliminated. EagleBank (the "Bank"), a Maryland chartered commercial bank, is the Parent's principal subsidiary.

The accounting and reporting policies of the Company conform to generally accepted accounting principles in the United States of America ("GAAP") and to general practices in the banking industry. The Consolidated Financial Statements and accompanying notes of the Company included herein are unaudited. The Consolidated Balance Sheet as of December 31, 2023 was derived from the audited Consolidated Balance Sheet as of that date. The Consolidated Financial Statements reflect all adjustments, consisting of normal recurring adjustments, that in the opinion of management are necessary to present fairly the results for the periods presented. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). In addition to the accounting policies described below, the Company applies the accounting policies contained in Note 1 to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Certain reclassifications have been made to 2023 amounts previously reported to conform to the 2024 presentation. Reclassifications had no effect on net income or shareholders' equity. These statements should be read in conjunction with the audited Consolidated Financial Statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Nature of Operations

The Company, through the Bank, conducts a full-service community banking business, primarily in Northern Virginia, Suburban Maryland, and Washington, D.C. The primary financial services offered by the Bank include real estate, commercial and consumer lending, as well as traditional deposit and repurchase agreement products. The Bank is also active in the origination of small business loans. The guaranteed portion of small business loans, guaranteed by the Small Business Administration ("SBA"), is typically sold to third party investors in a transaction apart from the loan's origination.

The Bank offers its products and services through twelve banking offices, four lending centers and various digital capabilities, including remote deposit services and mobile banking services. Eagle Insurance Services, LLC, a subsidiary of the Bank that previously offered access to insurance products and services through a referral program with a third party insurance broker, continues to receive fee income in connection with such program. Landroval Municipal Finance, Inc., a subsidiary of the Bank, focuses on lending to municipalities by buying debt on the public market as well as direct purchase issuance.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates and such differences could be material to the consolidated financial statements.

Investment Securities

The Company recognizes acquired securities on the trade date. Investment securities comprise debt securities, which are classified depending on the Company's intent and ability to hold the securities to maturity. Debt securities are classified as available-for-sale ("AFS") when management may have the intent to sell them prior to maturity. Debt securities are classified as held-to-maturity ("HTM") and carried at amortized cost when management has the positive intent and ability to hold them to maturity.

AFS Securities are acquired as part of the Company's asset/liability management strategy and may be sold in response to changes in interest rates, current market conditions, loan demand, changes in prepayment risk and other factors. AFS Securities are carried at fair value, with unrealized gains or losses, other than impairment losses, being reported as accumulated other comprehensive income/(loss), a separate component of shareholders' equity, net of deferred income tax. Realized gains and losses, using the specific identification method, are included as a separate component of noninterest income in the Consolidated Statements of Operations.

Premiums and discounts on investment securities are amortized or accreted to the earlier of call or maturity based on expected lives, which include prepayment adjustments and call optionality.

Transfers of Investment Securities from Available-for-Sale to Held-to-Maturity

Transfers of debt securities into the HTM category from the AFS category are made at amortized cost, net of unrealized gain or loss reported in accumulated other comprehensive income (loss) at the date of transfer. The unrealized holding gain or loss at the date of transfer is retained in other comprehensive income and in the carrying value of the HTM securities. Such amounts are amortized over the remaining life of the security.

The Company does not intend to sell the HTM investments, and it is more likely than not that the Company will not have to sell the securities before recovery of its amortized cost basis, which may be at maturity.

Loans

The Company classifies loans in its portfolio as either held for investment ("HFI") or held for sale ("HFS"). HFS loans are reported at the lower of cost or fair value on the Consolidated Balance Sheets. HFI loans are stated at the principal amount outstanding, net of unamortized deferred costs and fees. Interest income on loans is recognized at the contractual rate on the principal amounts outstanding. Loan origination fees, net of direct loan origination costs, and commitment fees are deferred and amortized on the interest method over the term of the loan.

Past due loans are placed on nonaccrual status when there is a clear indication that the borrower's cash flow may not be sufficient to meet payments as they become due. Generally, this conclusion is reached when a loan is 90 days past due. When a loan is placed on nonaccrual status, all previously accrued and unpaid interest is reversed through interest income. Interest income is subsequently recognized on a cash basis as long as the remaining book balance of the asset is deemed to be collectible. If collectability is questionable, then cash payments are applied to principal. A loan is placed back on accrual status when both principal and interest are current and it is probable that we will be able to collect all amounts due (both principal and interest) according to the terms of the loan agreement.

Allowance for Credit Losses

The following table presents a breakdown of the provision for credit losses included in our Consolidated Statements of Operations for the applicable periods:

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Provision for credit losses - loans	\$ 10,869	\$ 5,643	\$ 54,947	\$ 15,802
Provision for (reversal of) credit losses - HTM debt securities	(775)	1	(719)	1,244
Provision for credit losses - AFS debt securities	—	—	—	—
Total	\$ 10,094	\$ 5,644	\$ 54,228	\$ 17,046

Allowance for Credit Losses - Loans

The allowance for credit losses ("ACL") - loans is an estimate of the expected credit losses in the HFI loans portfolio. The Company's ACL on the loan portfolio is deducted from the amortized cost basis of loans to present the net amount expected to be collected on the loans. Loans, or portions thereof, are charged off against the allowance when they are deemed uncollectible. Expected recoveries are recorded to the extent they do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

Reserves on loans that do not share similar risk characteristics are evaluated on an individual basis. Nonaccrual loans are specifically reviewed for loss potential and when deemed appropriate are assigned a reserve based on an individual evaluation. The remainder of the portfolio, representing all loans not evaluated individually for impairment, is segregated by call report codes, and a loan-level probability of default ("PD") / loss given default ("LGD") cash flow method is applied using an exposure at default ("EAD") model. These historical loss rates are then modified to incorporate our reasonable and supportable forecast of future losses at the portfolio segment level, as well as any necessary qualitative adjustments.

The Company uses regression analysis of historical internal and peer data provided by a third-party service provider (as Company loss data is insufficient) to determine suitable credit loss drivers to utilize when modeling lifetime PD and LGD. This analysis also determines how expected PD will be impacted by different forecasted levels of the loss drivers.

A similar process is employed to calculate a reserve assigned to off-balance sheet commitments, specifically unfunded loan commitments and letters of credit, and any needed reserve is recorded in reserve for unfunded commitments ("RUC") on the Consolidated Balance Sheets. For periods beyond which we are able to develop reasonable and supportable forecasts, we revert to the historical loss rate on a straight-line basis over a twelve-month period.

Portfolio segments are used to pool loans with similar risk characteristics and align with our methodology for measuring current expected credit losses ("CECL"). A summary of our primary portfolio segments is as follows:

Commercial. The commercial loan portfolio comprises lines of credit and term loans for working capital, equipment, and other business assets across a variety of industries. These loans are used for general corporate purposes including financing working capital, internal growth, and acquisitions; and are generally secured by accounts receivable, inventory, equipment and other assets of our clients' businesses.

Income producing - commercial real estate. Income producing commercial real estate loans comprise permanent and bridge financing provided to professional real estate owners/managers of commercial and residential real estate projects and properties who generally have a demonstrated record of past success with similar properties. Collateral properties include apartment buildings, office buildings, hotels, mixed-use buildings, retail, data centers, warehouse, and shopping centers. The primary source of repayment on these loans is generally expected to come from lease or operation of the real property collateral. Income producing commercial real estate loans are impacted by fluctuation in collateral values, as well as rental demand and rates.

Owner occupied – commercial real estate. The owner occupied commercial real estate portfolio comprises permanent financing provided to operating companies and their related entities for the purchase or refinance of real property wherein their business operates. Collateral properties include industrial property, office buildings, religious facilities, mixed-use property, health care and educational facilities.

Real estate mortgage – residential. Real estate mortgage residential loans comprise consumer mortgages for the purpose of purchasing or refinancing first lien real estate loans secured by primary-residence, second-home, and rental residential real property.

Construction – commercial and residential. The construction commercial and residential loan portfolio comprises loans made to builders and developers of commercial and residential property, for both renovation, new construction, and development projects. Collateral properties include apartment buildings, mixed use property, residential condominiums, single and 1-4 residential property, and office buildings. The primary source of repayment on these loans is expected to come from the sale, permanent financing, or lease of the real property collateral. Construction loans are impacted by fluctuations in collateral values and the ability of the borrower or ultimate purchaser to obtain permanent financing.

Construction – commercial and industrial ("C&I") (owner occupied). The construction C&I (owner occupied) portfolio comprises loans to operating companies and their related entities for new construction or renovation of the real or leased property in which they operate. Generally these loans contain provisions for conversion to an owner occupied commercial real estate loan or to a commercial loan after completion of construction. Collateral properties include industrial, healthcare, religious facilities, restaurants, and office buildings.

Home equity. The home equity portfolio comprises consumer lines of credit and loans secured by subordinate liens on residential real property.

Other consumer. The other consumer portfolio comprises consumer purpose loans not secured by real property, including personal lines of credit and loans, overdraft lines, and vehicle loans. This category also includes other loan items such as overdrawn deposit accounts as well as loans and loan payments in process.

For each of these loan segments, the Company generates cash flow projections at the instrument level wherein payment expectations are adjusted for estimated prepayment speeds, PD rates, and LGD rates. The modeling of expected prepayment speeds is based on historical internal data. EAD is based on each instrument's underlying amortization schedule in order to estimate the bank's expected credit loss exposure at the time of the borrower's potential default.

The ACL also includes an amount for inherent risks not reflected in the historical quantitative analysis associated with the reasonable and supportable forecast. Relevant factors include, but are not limited to, concentrations of credit risk, changes in underwriting standards, experience and depth of lending staff and trends in delinquencies. While our methodology in establishing the reserve for credit losses attributes portions of the ACL and RUC to the commercial and consumer portfolio segments, the entire ACL and RUC is available to absorb credit losses expected in the total loan portfolio and total amount of unfunded credit commitments, respectively. Our model may reflect assumptions by management that are not covered by the qualitative and environmental factors, and we reevaluate all of its factors quarterly.

During the first quarter of 2024, management enhanced the cash flow model to incorporate three macroeconomic variables in addition to national unemployment. The four economic variables selected, national unemployment, which was the original variable used, Commercial Real Estate ("CRE") Price Index, House Price Index and Gross Domestic Product ("GDP"), are incorporated by utilizing a Loss Driver Analysis approach that factors in historical losses, including during the Great Recession, of regional peer banks and the Bank. The updated model incorporates a weighting of three economic scenarios; baseline, upside and downside. The scenarios cover the four economic forecast variables, with each segment of the portfolio linked to two of these variables, depending on the segment. The loss driver analysis is spread over a reasonable and supportable period of 18 months and reverts back to a historical loss rate over twelve months on a straight-line basis over the loan's remaining maturity. Management leverages economic projections from reputable and independent third parties to inform its loss driver forecasts over the forecast period.

We have several pass credit grades that are assigned to loans based on varying levels of risk, ranging from credits that are secured by cash or marketable securities, to watch credits which have all the characteristics of an acceptable credit risk but warrant more than the normal level of monitoring. Special mention loans are those that are currently protected by the sound net worth and paying capacity of the borrower, but that are potentially weak and constitute an additional credit risk. These loans have the potential to deteriorate to a substandard grade due to the existence of financial or administrative deficiencies. Substandard loans have a well-defined weakness or weaknesses that jeopardizes the liquidation of the debt. They are characterized by the distinct possibility that we will sustain some loss if the deficiencies are not corrected. Some substandard loans are inadequately protected by the sound net worth and paying capacity of the borrower and of the collateral pledged and may be considered impaired. Substandard loans can be accruing or can be on nonaccrual depending on the circumstances of the individual loans.

Loans classified as doubtful have all the weaknesses inherent in substandard loans with the added characteristics that the weaknesses make collection in full highly questionable and improbable. The possibility of loss is extremely high. All doubtful loans are on nonaccrual.

Classified loans represent the sum of loans graded substandard and doubtful.

The methodology used in the estimation of the allowance, which is performed at least quarterly, is designed to be dynamic and responsive to changes in portfolio credit quality and forecasted economic conditions. Changes are reflected in the pool-basis allowance and individually assessed loans as the collectability of classified loans is evaluated with new information. As our portfolio has matured, historical loss ratios have been closely monitored. The review of the appropriateness of the allowance is performed by executive management and presented to management committees and the Audit Committee of the Board of Directors (the "Board"). The committees' reports to the Board are part of the Board review on a quarterly basis of our consolidated financial statements.

When management determines that foreclosure is probable, and for certain collateral-dependent loans where foreclosure is not considered probable, expected credit losses are based on the estimated fair value of the collateral adjusted for selling costs, when appropriate. A loan is considered collateral-dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral.

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals and modifications unless management has a reasonable expectation that a borrower will result in financial difficulty.

We do not measure an ACL on accrued interest receivable balances because these balances are written off in a timely manner as a reduction to interest income when loans are placed on nonaccrual status.

Collateral Dependent Financial Assets

Loans that do not share similar risk characteristics are evaluated on an individual basis. For collateral dependent financial assets where the Company has determined that foreclosure of the collateral is probable, or where the borrower is experiencing financial difficulty and the Company expects repayment of the financial asset to be provided substantially through the sale of the collateral, the ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the asset as of the measurement date. When repayment is expected to be from the operation of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the financial asset exceeds the net present value ("NPV") from the operation of the collateral. When repayment is expected to be from the sale of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the financial asset exceeds the fair value of the underlying collateral less estimated cost to sell. The ACL may be zero if the fair value of the collateral at the measurement date exceeds the amortized cost basis of the financial asset.

Loan Modifications to Borrowers in Financial Difficulty

The Company evaluates loan restructurings to determine if we have a loan modification and whether it results in a new loan or the continuation of the existing loan. Loan modifications to borrowers experiencing financial difficulty that result in a direct change in the timing or amount of contractual cash flows include situations where there are principal forgiveness, interest rate reductions, other-than-insignificant payment delays, term extensions, and combinations of the listed modifications.

A loan that is considered a modified loan may be subject to an individually-evaluated loan analysis if the commitment is \$ 500 thousand or greater; otherwise, the restructured loan remains in the appropriate segment in the ACL model and associated provisions are adjusted based on changes in the discounted cash flows resulting from the modification of the restructured loan.

Management strives to identify borrowers in financial difficulty early and work with them to modify their loan to more affordable terms before their loan reaches nonaccrual status, foreclosure or repossession of the collateral to minimize economic loss to the Company.

Allowance for Credit Losses - AFS Securities

For AFS debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either criterion is met, the security's amortized cost basis is written down to fair value through income. For AFS debt securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an ACL is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an ACL is recognized in other comprehensive income, as a non-credit-related impairment.

The entire amount of an impairment loss is recognized in earnings only when: (1) the Company intends to sell the security; (2) it is more likely than not that the Company will have to sell the security before recovery of its amortized cost basis; or (3) the Company does not expect to recover the entire amortized cost basis of the security. In all other situations, only the portion of the impairment loss representing the credit loss must be recognized in earnings, with the remaining portion being recognized in other comprehensive income, net of deferred taxes.

Changes in the ACL are recorded as a provision for or reversal of credit losses. Losses are charged against the allowance when management believes the uncollectibility of an AFS security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

We have made a policy election to exclude accrued interest from the amortized cost basis of AFS debt securities and report accrued interest separately in accrued interest and other assets in the Consolidated Balance Sheets. AFS debt securities are placed on nonaccrual status when we no longer expect to receive all contractual amounts due, which is generally at 90 days past due. Accrued interest receivable is reversed against interest income when a security is placed on nonaccrual status. Accordingly, we do not recognize an allowance for credit loss against accrued interest receivable.

Allowance for Credit Losses - HTM Securities

The Company separately evaluates its HTM investment securities for any credit losses. The Company pools like securities and calculates expected credit losses through an estimate based on a security's credit rating, which is recognized as part of the ACL for HTM securities and included in the balance of HTM securities on the Consolidated Balance Sheets. If the Company determines that a security indicates evidence of deteriorated credit quality, the security is individually evaluated and a discounted cash flow analysis may be performed and compared to the amortized cost basis.

Loan Commitments and Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

Financial instruments include off-balance sheet credit instruments such as commitments to make loans and commercial letters of credit issued to meet customer financing needs. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for off-balance sheet loan commitments is represented by the contractual amount of those instruments. Such financial instruments are recorded when they are funded.

The Company records a RUC on off-balance sheet credit exposures through a charge to provision for credit loss expense in the Company's Consolidated Statement of Operations.

The RUC on off-balance sheet credit exposures is estimated by loan segment at each balance sheet date under the current expected credit loss model using the same methodologies as portfolio loans, taking into consideration the likelihood that funding will occur, and is included in the RUC on the Company's Consolidated Balance Sheets.

Goodwill Assessment

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired. Goodwill is deemed to have an indefinite useful life and as such is not subject to amortization, and instead is subject to impairment testing, which must be conducted at least annually or upon the occurrence of a triggering event. Various factors, such as the Company's results of operations, the trading price of the Company's common stock relative to the book value per share, macroeconomic conditions and conditions in the banking sector, inform whether a triggering event for an interim goodwill impairment test has occurred. Goodwill is recorded and evaluated for impairment at its reporting unit, the Company. The Company's policy is to test goodwill for impairment annually as of December 31, or on an interim basis if an event triggering an impairment assessment is determined to have occurred.

Goodwill is subject to impairment testing at the reporting unit level, which must be conducted at least annually, as well as when events or changes in circumstances indicate the assets might be impaired and/or upon the occurrence of a triggering event. Various factors, such as the Company's results of operations, the trading price of the Company's common stock relative to the book value per share, macroeconomic conditions and conditions in the banking sector, inform whether a triggering event for an interim goodwill impairment test has occurred. Goodwill is recorded and evaluated for impairment at its reporting unit, the Company. The Company's policy is to test goodwill for impairment annually as of December 31, or on an interim basis if an event triggering an impairment assessment is determined to have occurred.

The Company has determined that it has a single reporting unit. If the fair value of the reporting unit exceeds the book value, no write-down of recorded goodwill is required. If the fair value of the reporting unit is less than book value, an expense may be required to write-down the related goodwill to the proper carrying value. Any impairment would be recorded through a reduction of goodwill or other intangible asset and an offsetting charge to noninterest expense.

Testing of goodwill impairment comprises a two-step process. First, the Company performs a qualitative assessment to evaluate relevant events or circumstances to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company determines that it is more likely than not that an impairment has occurred, it proceeds to the quantitative impairment test, whereby it calculates the fair value of the reporting unit and compares it with its carrying amount, including goodwill. In its performance of impairment testing, the Company has the unconditional option to proceed directly to the quantitative impairment test, bypassing the qualitative assessment. If the carrying amount of the reporting unit exceeds the fair value, the amount by which the carrying amount exceeds fair value, up to the carrying value of goodwill, is recorded through earnings as an impairment charge. If the results of the qualitative assessment indicate that it is not more likely than not that an impairment has occurred, or if the quantitative impairment test results in a fair value of the reporting unit that is greater than the carrying amount, then no impairment charge is recorded.

During the second quarter ended June 30, 2024, Management determined that a triggering event had occurred as a result of the share price trading under book value for more than four quarters due to changes in macroeconomic conditions and market volatility in the financial markets and the banking industry due to the impact from rising interest rates which resulted in fluctuations of the Company's stock price with a sustained decrease. As a result of the triggering event, the Company engaged a third-party service provider to assist Management with the determination of the fair value of the Company in the second quarter of 2024. The resulting calculations indicated that the fair value did not exceed the carrying amount of the Company's only reporting unit as of May 31, 2024 which resulted in a determination that goodwill had become fully impaired. The goodwill impairment charge of \$104.2 million reduced fully the carrying value of the Company's goodwill as of May 31, 2024. The impaired goodwill was primarily related to the acquisition of the Virginia Heritage Bank in October 2014. The impairment charge did not impact our cash flows, liquidity ratios, core operating performance, or regulatory capital ratios.

New Authoritative Accounting Guidance

Accounting Standards Pending Adoption

ASU No. 2023-06, *"Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative"* ("ASU 2023-06") incorporates into the Accounting Standards Codification ("ASC" or "Codification") several SEC disclosure requirements under Regulations S-K and S-X. The amendments in the ASU are intended to clarify or improve disclosure and presentation requirements of a variety of Codification Topics, allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the Codification with the SEC's regulations. These requirements are similar to, but require more information than, generally accepted accounting principles. The new updates modify the disclosure or presentation requirements of a variety of Topics in the Codification. Entities should apply the amendments in ASU 2023-06 prospectively. For entities subject to the SEC's existing disclosure requirements and for entities that have to file or provide financial statements with or to the SEC for the purpose of selling or issuing securities that do not have contractual limits on transfer, the effective date for each amendment will be the date on which the SEC removes that related disclosure from its rules. As a result, the effective date will be different for each individual disclosure based on the effective date of the SEC's deletion of the related disclosure. Early adoption is prohibited. For all other entities, the effective date will be two years later. Early adoption is permitted for these entities, but not before the provisions of the ASU become effective for entities subject to SEC's regulation. The effective dates of the amendments are predicated on the SEC removing its related disclosure requirements from its regulations. However, if by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the Codification and not become effective for any entity. We are currently in the process of evaluating this guidance.

ASU No. 2023-09, *"Income Taxes (Topic 740): Improvements to Income Tax Disclosures"* ("ASU 2023-09"). The ASU requires additional income tax disclosures around effective tax rates and cash income taxes paid. ASU 2023-09 is effective for public business entities for annual periods beginning after December 15, 2024 and interim periods within those fiscal years. The impact of ASU 2023-09 should be applied prospectively. We are currently in the process of evaluating this guidance.

ASU No. 2024-01, *"Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards"* ("ASU 2024-01") clarifies how an entity determines whether a profits interest or similar award (hereafter a "profits interest award") is accounted for either (1) as a share-based payment arrangement, and therefore, within the scope of ASC 718 or (2) not a share-based payment arrangement and therefore within the scope of other guidance. ASU 2024-01 also improves the clarity and operation of the guidance in ASC 718-10-15-3. The guidance in ASU 2024-01 applies to all entities that issue profits interest awards as compensation to employees or non-employees in exchange for goods or services. For public business entities, the amendments are effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods. For all other entities, the amendments are effective for annual periods beginning after December 15, 2025, and interim periods within those annual periods. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. If an entity adopts the amendments in an interim period, it should adopt them as of the beginning of the annual period that includes that interim period. The amendments should be applied (i) retrospectively to all prior periods presented in the financial statements or (ii) prospectively to profits interest and similar awards granted or modified on or after the date at which the entity first applies the amendments. If the amendments are applied prospectively, an entity is required to disclose the nature of and reason for the change in accounting principle. We are currently in the process of evaluating this guidance.

ASU No. 2024-02, "Codification Improvements—Amendments to Remove References to the Concepts Statements" ("ASU 2024-02") amends the Accounting Standard Codification ("Codification") by removing references to various concepts statements. In most instances, the references are extraneous and not required to understand or apply the guidance. In other instances, the references were used in prior statements to provide guidance in certain topical areas. As stated in paragraph 105-10-05-3 of the Codification, FASB Concepts Statements are non-authoritative. These amendments will simplify the Codification which will further draw a distinction between authoritative and non-authoritative literature. The amendments are effective for public business entities for fiscal years beginning after December 15, 2024. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2025. Early application of the amendments is permitted for all entities, for any fiscal year or interim period for which financial statements have not yet been issued (or made available for issuance). If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period. An entity should apply the amendments using one of the following transition methods: (i) prospectively to all new transactions recognized on or after the date that the entity first applies the amendments, or (ii) retrospectively to the beginning of the earliest comparative period presented in which the amendments were first applied. We are currently in the process of evaluating this guidance.

Accounting Standards Adopted in 2024:

ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." ("ASU 2023-07") requires filers to disclose significant segment expenses, an amount and description for other segment items, the title and position of the entity's chief operating decision maker ("CODM") and an explanation of how the CODM uses the reported measures of profit or loss to assess segment performance, and, on an interim basis, certain segment related disclosures that previously were required only on an annual basis. ASU 2023-07 also clarifies that entities with a single reportable segment are subject to both new and existing segment reporting requirements and that an entity is permitted to disclose multiple measures of segment profit or loss, provided that certain criteria are met. ASU 2023-07 is effective for the Company for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. Since early adoption is permitted, the Company adopted the guidance prescribed under ASU 2023-07 effective January 1, 2024. Adoption of this guidance did not have a material impact on our consolidated financial statements for fiscal year 2024.

Note 2. Cash and Due from Banks

For the nine months ended September 30, 2024 and 2023, the Bank maintained an average daily balance at the Federal Reserve Bank of \$1.6 billion and \$0.9 billion, respectively, on which interest is paid.

Additionally, the Bank maintains interest-bearing balances with the Federal Home Loan Bank of Atlanta ("FHLB") and noninterest-bearing balances with domestic correspondent banks to cover associated costs for services they provide to the Bank.

Note 3. Investment Securities

The amortized cost and estimated fair value of the Company's AFS and HTM securities are summarized as follows:

(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Estimated Fair Value
September 30, 2024					
Investment securities available-for-sale:					
U.S. treasury bonds	\$ 49,970	\$ —	\$ (567)	\$ —	\$ 49,403
U.S. agency securities	690,699	—	(37,422)	—	653,277
Residential mortgage-backed securities	745,006	125	(75,086)	—	670,045
Commercial mortgage-backed securities	53,711	—	(3,495)	—	50,216
Municipal bonds	8,652	—	(385)	—	8,267
Corporate bonds	2,000	—	(185)	(17)	1,798
Total available-for-sale securities	\$ 1,550,038	\$ 125	\$ (117,140)	\$ (17)	\$ 1,433,006

(dollars in thousands)	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value
September 30, 2024				
Investment securities held-to-maturity:				
Residential mortgage-backed securities	\$ 621,203	\$ —	\$ (66,264)	\$ 554,939
Commercial mortgage-backed securities	89,269	—	(10,008)	79,261
Municipal bonds	120,307	—	(8,024)	112,283
Corporate bonds	132,383	—	(10,441)	121,942
Total	\$ 963,162	\$ —	\$ (94,737)	\$ 868,425
Allowance for credit losses	(1,237)			
Total held-to-maturity securities, net of ACL	\$ 961,925			

(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Estimated Fair Value
December 31, 2023					
Investment securities available-for-sale:					
U.S. treasury bonds	\$ 49,894	\$ —	\$ (1,993)	\$ —	\$ 47,901
U.S. agency securities	729,090	—	(57,693)	—	671,397
Residential mortgage-backed securities	823,992	45	(96,684)	—	727,353
Commercial mortgage-backed securities	54,557	—	(4,993)	—	49,564
Municipal bonds	8,783	—	(293)	—	8,490
Corporate bonds	2,000	—	(300)	(17)	1,683
Total available-for-sale securities	\$ 1,668,316	\$ 45	\$ (161,956)	\$ (17)	\$ 1,506,388

(dollars in thousands)	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value
December 31, 2023				
Investment securities held-to-maturity:				
Residential mortgage-backed securities	\$ 670,043	\$ —	\$ (79,980)	\$ 590,063
Commercial mortgage-backed securities	90,227	—	(12,867)	77,360
Municipal bonds	125,114	5	(8,540)	116,579
Corporate bonds	132,309	—	(14,729)	117,580
Total	\$ 1,017,693	\$ 5	\$ (116,116)	\$ 901,582
Allowance for credit losses	(1,956)			
Total held-to-maturity securities, net of ACL	\$ 1,015,737			

At September 30, 2024 and December 31, 2023, the Company held \$ 37.7 million and \$25.7 million, respectively, of equity securities in a combination of Federal Reserve System ("Federal Reserve Board," "Federal Reserve" or "FRB") and FHLB stocks, which are required to be held for regulatory purposes. These securities cannot be disposed of other than through redemption by the issuer and, if redeemed, would be redeemed at the original cost.

At September 30, 2024 and December 31, 2023, the Company had \$ 46.5 million and \$51.7 million, respectively, of unamortized unrealized losses outstanding following the transfer of investment securities from AFS to HTM in 2022. These unrealized losses are included in accumulated other comprehensive loss and are amortized through interest income as a yield adjustment over the remaining term of the securities.

Accrued interest receivable on investment securities totaled \$ 7.4 million and \$7.6 million at September 30, 2024 and December 31, 2023, respectively. The accrued interest receivable is excluded from the amortized cost of the securities and is reported in other assets in the Consolidated Balance Sheets.

The following tables summarize AFS and HTM securities in an unrealized loss position by length of time:

(dollars in thousands)	Number of Securities	Less Than 12 Months		12 Months or Greater		Total		
		Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	
September 30, 2024								
Investment securities available-for-sale:								
U.S. treasury bonds	2	\$ —	\$ —	\$ 49,403	\$ (567)	\$ 49,403	\$ (567)	
U. S. agency securities	76	\$ 2,498	\$ (3)	\$ 650,779	\$ (37,419)	\$ 653,277	\$ (37,422)	
Residential mortgage-backed securities	146	\$ —	\$ —	\$ 660,627	\$ (75,086)	\$ 660,627	\$ (75,086)	
Commercial mortgage-backed securities	13	\$ —	\$ —	\$ 50,216	\$ (3,495)	\$ 50,216	\$ (3,495)	
Municipal bonds	1	\$ —	\$ —	\$ 8,267	\$ (385)	\$ 8,267	\$ (385)	
Corporate bonds	1	\$ —	\$ —	\$ 1,797	\$ (185)	\$ 1,797	\$ (185)	
Total	239	\$ 2,498	\$ (3)	\$ 1,421,089	\$ (117,137)	\$ 1,423,587	\$ (117,140)	
(dollars in thousands)	Number of Securities	Less Than 12 Months		12 Months or Greater		Total		
		Estimated Fair Value	Unrecognized Losses	Estimated Fair Value	Unrecognized Losses	Estimated Fair Value	Unrecognized Losses	
September 30, 2024								
Investment securities held-to-maturity:								
Residential mortgage-backed securities	141	\$ —	\$ —	\$ 554,939	\$ (66,264)	\$ 554,939	\$ (66,264)	
Commercial mortgage-backed securities	16	\$ —	\$ —	\$ 79,261	\$ (10,008)	\$ 79,261	\$ (10,008)	
Municipal bonds	38	\$ 3,503	\$ (23)	\$ 107,779	\$ (8,001)	\$ 111,282	\$ (8,024)	
Corporate bonds	30	\$ —	\$ —	\$ 109,899	\$ (10,441)	\$ 109,899	\$ (10,441)	
Total	225	\$ 3,503	\$ (23)	\$ 851,878	\$ (94,714)	\$ 855,381	\$ (94,737)	
(dollars in thousands)	Number of Securities	Less Than 12 Months		12 Months or Greater		Total		
		Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	
December 31, 2023								
Investment securities available-for-sale:								
U.S. treasury bonds	2	\$ —	\$ —	\$ 47,901	\$ (1,993)	\$ 47,901	\$ (1,993)	
U. S. agency securities	78	\$ 3,084	\$ (4)	\$ 668,313	\$ (57,689)	\$ 671,397	\$ (57,693)	
Residential mortgage-backed securities	149	\$ —	\$ —	\$ 718,042	\$ (96,684)	\$ 718,042	\$ (96,684)	
Commercial mortgage-backed securities	13	\$ —	\$ —	\$ 49,564	\$ (4,993)	\$ 49,564	\$ (4,993)	
Municipal bonds	1	\$ —	\$ —	\$ 8,490	\$ (293)	\$ 8,490	\$ (293)	
Corporate bonds	1	\$ —	\$ —	\$ 1,683	\$ (300)	\$ 1,683	\$ (300)	
Total	244	\$ 3,084	\$ (4)	\$ 1,493,993	\$ (161,952)	\$ 1,497,077	\$ (161,956)	

(dollars in thousands)	Number of Securities	Less Than 12 Months		12 Months or Greater		Total		
		Estimated Fair Value	Unrecognized Losses	Estimated Fair Value	Unrecognized Losses	Estimated Fair Value	Unrecognized Losses	
December 31, 2023								
Investment securities held-to-maturity:								
Residential mortgage-backed securities	142	\$ —	\$ —	\$ 590,063	\$ (79,980)	\$ 590,063	\$ (79,980)	
Commercial mortgage-backed securities	16	\$ —	\$ —	\$ 77,360	\$ (12,867)	\$ 77,360	\$ (12,867)	
Municipal bonds	40	\$ —	\$ —	\$ 113,031	\$ (8,540)	\$ 113,031	\$ (8,540)	
Corporate bonds	30	\$ —	\$ —	\$ 105,523	\$ (14,729)	\$ 105,523	\$ (14,729)	
Total	228	\$ —	\$ —	\$ 885,977	\$ (116,116)	\$ 885,977	\$ (116,116)	

Unrealized losses at September 30, 2024 were generally attributable to changes in market interest rates and interest spread relationships subsequent to the dates the securities were originally purchased and were considered to be temporary, and not due to credit quality concerns on the investment securities. The fair values of these securities are expected to recover as the securities approach their respective maturity dates. The Company does not intend to sell and it is likely that it will not be required to sell the securities prior to their anticipated recovery.

The Company measures its AFS and HTM security portfolios for current expected credit losses as part of its ACL analysis. For further information on provision for credit losses on AFS and HTM securities, including balances for the three and nine months ended September 30, 2024 and 2023, see Allowance for Credit Losses discussion in "Note 1. Summary of Significant Accounting Policies". At September 30, 2024, the Company had a total allowance of \$1.7 thousand on its AFS securities and \$1.2 million on its HTM securities, each of which primarily comprise allowances for corporate bonds.

The following table summarizes the Company's investment in AFS securities and HTM securities by contractual maturity. Expected maturities for mortgage-backed securities ("MBS") will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(dollars in thousands)	September 30, 2024		
	Amortized Cost	Estimated Fair Value	
Investment securities available-for-sale:			
Within one year	\$ 226,404	\$ 223,552	
One to five years	419,569	394,901	
Five to ten years	85,553	76,816	
Beyond ten years	19,795	17,493	
Residential mortgage-backed securities	745,006	670,045	
Commercial mortgage-backed securities	53,711	50,216	
Less: allowance for credit losses	—	(17)	
Total investment securities available-for-sale	1,550,038	1,433,006	
Investment securities held-to-maturity:			
Within one year	7,699	7,636	
One to five years	57,804	56,704	
Five to ten years	118,626	107,212	
Beyond ten years	68,561	62,673	
Residential mortgage-backed securities:	621,203	554,939	
Commercial mortgage-backed securities	89,269	79,261	
Less: allowance for credit losses	(1,237)	—	
Total investment securities held-to-maturity	961,925	868,425	
Total	\$ 2,511,963	\$ 2,301,431	

For the three and nine months ended September 30, 2024, gross realized gains on calls of investment securities were \$ 3 thousand and \$10 thousand, respectively, as compared to \$5 thousand and \$126 thousand for the three and nine months ended September 30, 2023.

There were no gross realized losses on sales or calls of investment securities during the three and nine months ended September 30, 2024, nor during the three months ended September 30, 2023. During the nine months ended September 30, 2023, there were \$140 thousand of gross realized losses on sales or calls of investment securities.

Gross sales and call proceeds were \$4.5 million and \$31.6 million for the three and nine months ended September 30, 2024, respectively, and \$ 2.6 million and \$11.2 million for the same periods in 2023.

The book value of securities pledged as collateral for certain government deposits, securities sold under agreements to repurchase, and certain lines of credit with correspondent banks at September 30, 2024 and December 31, 2023 was \$1.4 billion and \$2.1 billion, respectively. These balances were well in excess of required amounts in order to operationally provide significant reserve amounts for new business. As of September 30, 2024 and December 31, 2023, there were no holdings of securities of any one issuer, other than the U.S. Government and U.S. agency securities, that exceeded ten percent of shareholders' equity.

Note 4. Loans and Allowance for Credit Losses

The Bank makes loans to customers primarily in the Washington, D.C. metropolitan area and surrounding communities. A substantial portion of the Bank's loan portfolio consists of loans to businesses secured by real estate and other business assets.

HFI Loans, net of unamortized deferred fees and costs, at September 30, 2024 and December 31, 2023 are summarized by portfolio segment as follows:

(dollars in thousands, except amounts in the footnote)	September 30, 2024		December 31, 2023	
	Amount	%	Amount	%
Commercial	\$ 1,154,349	14 %	\$ 1,473,766	18 %
PPP loans	348	— %	528	— %
Income-producing - commercial real estate	4,155,120	52 %	4,094,614	51 %
Owner-occupied - commercial real estate	1,276,240	16 %	1,172,239	15 %
Real estate mortgage - residential	57,223	1 %	73,396	1 %
Construction - commercial and residential	1,174,591	15 %	969,766	12 %
Construction - C&I (owner-occupied)	100,662	1 %	132,021	2 %
Home equity	51,567	1 %	51,964	1 %
Other consumer	169	— %	401	— %
Total loans	7,970,269	100 %	7,968,695	100 %
Less: allowance for credit losses	(111,867)		(85,940)	
Net loans ⁽¹⁾	\$ 7,858,402		\$ 7,882,755	

(1) Excludes accrued interest receivable of \$ 43.4 million and \$ 45.3 million at September 30, 2024 and December 31, 2023, respectively, which were recorded in other assets on the Consolidated Balance Sheets.

Unamortized net deferred costs amounted to \$ 20.7 million and \$ 27.0 million at September 30, 2024 and December 31, 2023, respectively.

As of September 30, 2024 and December 31, 2023, the Bank serviced \$ 56.0 million and \$ 328.0 million, respectively, of SBA loans and other loan participations that are not reflected as loan balances on the Consolidated Balance Sheets. During the nine months ended September 30, 2024, the Company sold the servicing rights to all FHA loans.

Real estate loans are secured primarily by duly recorded first deeds of trust or mortgages. In some cases, the Bank may accept a recorded junior trust position. In general, borrowers will have a proven ability to build, lease, manage and/or sell a commercial or residential project and demonstrate satisfactory financial condition. Additionally, an equity contribution toward the project is customarily required.

Construction loans require that the financial condition and experience of the general contractor and major subcontractors be satisfactory to the Bank. Guaranteed, fixed-price contracts are required whenever appropriate, along with payment and performance bonds or completion bonds for larger scale projects.

Loans intended for residential land acquisition, lot development and construction are made on the premise that the land: 1) is or will be developed for building sites for residential structures, and 2) will ultimately be utilized for construction or improvement of residential zoned real properties, including the creation of housing. Residential development and construction loans will finance projects such as single-family subdivisions, planned unit developments, townhouses, and condominiums. Residential land acquisition, development and construction loans generally are underwritten with a maximum term of 36 months, including extensions approved at origination.

Commercial land acquisition and construction loans are secured by real property where loan funds will be used to acquire land and to construct or improve appropriately zoned real property for the creation of income producing or owner-occupied commercial properties. Borrowers are generally required to put equity into each project at levels determined by the appropriate approval authority. Commercial land acquisition and construction loans generally are underwritten with a maximum term of 24 months.

Substantially all construction draw requests must be presented in writing on American Institute of Architects documents and certified either by the contractor, the borrower and/or the borrower's architect. Each draw request shall also include the borrower's soft cost breakdown certified by the borrower or their agent. Prior to an advance, the Bank or its contractor inspects the project to determine that the work has been completed, to justify the draw requisition.

Commercial permanent loans are generally secured by improved real property that is generating income in the normal course of operation. Debt service coverage, assuming stabilized occupancy, must be satisfactory to support a permanent loan. The debt service coverage ratio is ordinarily at least 1.15 to 1.0. As part of the underwriting process, debt service coverage ratios are stress tested assuming a 200 basis point increase in interest rates from their current levels.

Commercial permanent loans generally are underwritten with a term not greater than 10 years or the remaining useful life of the property, whichever is lower. The preferred term is between 5 to 7 years, with amortization to a maximum of 25 years.

The Company's loan portfolio includes acquisition, development and construction ("ADC") real estate loans including both investment and owner-occupied projects. ADC loans amounted to \$ 1.8 billion at September 30, 2024. A portion of the ADC portfolio, both speculative and non-speculative, includes loan-funded interest reserves at origination. ADC loans that provide for the use of interest reserves represent approximately 59.6% of the outstanding ADC loan portfolio at September 30, 2024. The decision to establish a loan-funded interest reserve is made upon origination of the ADC loan and is based upon a number of factors considered during underwriting of the credit, including: (1) the feasibility of the project; (2) the experience of the sponsor; (3) the creditworthiness of the borrower and guarantors; (4) the borrower equity contribution; and (5) the level of collateral protection. When appropriate, an interest reserve provides a means of addressing the cash flow characteristics of a properly underwritten ADC loan. The Company does not significantly utilize interest reserves in other loan products. The Company recognizes that one of the risks inherent in the use of interest reserves is the potential masking of underlying problems with the project and/or the borrower's ability to repay the loan. In order to mitigate these inherent risks, the Company employs a series of reporting and monitoring mechanisms on all ADC loans, whether or not an interest reserve is provided, including: (1) construction and development timelines that are monitored on an ongoing basis and track the progress of a given project to the timeline projected at origination; (2) a construction loan administration department independent of the lending function; (3) third party independent construction loan inspection reports; (4) monthly interest reserve monitoring reports detailing the balance of the interest reserves approved at origination and the days of interest carry represented by the reserve balances as compared to the then current anticipated time to completion and/or sale of speculative projects; and (5) quarterly commercial real estate construction meetings among senior Company management, which include monitoring of current and projected real estate market conditions. If a project has not performed as expected, it is not the customary practice of the Company to increase loan funded interest reserves.

The following table details activity in the ACL by portfolio segment for the three and nine months ended September 30, 2024 and 2023. PPP loans are excluded from these tables since they do not carry an allowance for credit loss, as these loans are fully guaranteed as to principal and interest by the SBA, whose guarantee is backed by the full faith and credit of the U.S. Government. Allocation of a portion of the allowance to one category of loans does not restrict the use of the allowance to absorb losses in other categories.

(dollars in thousands)	Commercial	Income-Producing Commercial Real Estate	Owner-Occupied - Commercial Real Estate	Real Estate Mortgage Residential	Construction - Commercial and Residential	Construction - C&I (Owner-Occupied)	Home Equity	Other Consumer	Total
Three Months Ended September 30, 2024									
Allowance for credit losses:									
Balance at beginning of period	\$ 21,011	\$ 53,251	\$ 15,641	\$ 750	\$ 13,510	\$ 1,431	\$ 677	\$ 30	106,301
Loans charged-off	(1,563)	—	(3,800)	—	—	—	—	(17)	(5,380)
Recoveries of loans previously charged-off	53	—	24	—	—	—	—	—	77
Net loans (charged-off) recovered	(1,510)	—	(3,776)	—	—	—	—	(17)	(5,303)
Provision for (reversal of) credit losses	802	61	8,206	(12)	1,907	(134)	23	16	10,869
Ending balance	\$ 20,303	\$ 53,312	\$ 20,071	\$ 738	\$ 15,417	\$ 1,297	\$ 700	\$ 29	\$ 111,867
Nine Months Ended September 30, 2024									
Allowance for credit losses:									
Balance at beginning of period	\$ 17,824	\$ 40,050	\$ 14,333	\$ 861	\$ 10,198	\$ 1,992	\$ 657	\$ 25	85,940
Loans charged-off	(4,150)	(21,329)	(3,800)	—	(129)	—	—	(88)	(29,496)
Recoveries of loans previously charged-off	220	185	71	—	—	—	—	—	476
Net loans (charged-off) recovered	(3,930)	(21,144)	(3,729)	—	(129)	—	—	(88)	(29,020)
Provision for (reversal of) credit losses	6,409	34,406	9,467	(123)	5,348	(695)	43	92	54,947
Ending balance	\$ 20,303	\$ 53,312	\$ 20,071	\$ 738	\$ 15,417	\$ 1,297	\$ 700	\$ 29	\$ 111,867
Three Months Ended September 30, 2023									
Allowance for credit losses:									
Balance at beginning of period	\$ 15,374	\$ 38,486	\$ 12,805	\$ 811	\$ 8,018	\$ 1,914	\$ 595	\$ 26	78,029
Loans charged-off	(467)	—	—	—	—	—	—	—	(467)
Recoveries of loans previously charged-off	103	—	23	—	—	—	—	1	127
Net loans (charged-off) recovered	(364)	—	23	—	—	—	—	1	(340)
Provision for (reversal of) credit losses	1,327	2,207	1,424	53	615	(20)	39	(2)	5,643
Ending balance	\$ 16,337	\$ 40,693	\$ 14,252	\$ 864	\$ 8,633	\$ 1,894	\$ 634	\$ 25	\$ 83,332
Nine Months Ended September 30, 2023									
Allowance for credit losses:									
Balance at beginning of period	\$ 15,655	\$ 35,688	\$ 12,702	\$ 969	\$ 7,195	\$ 1,606	\$ 555	\$ 74	74,444
Loans charged-off	(1,828)	(5,306)	—	—	(136)	—	—	(50)	(7,320)
Recoveries of loans previously charged-off	335	—	31	—	34	—	—	6	406
Net loans (charged-off) recovered	(1,493)	(5,306)	31	—	(102)	—	—	(44)	(6,914)
Provision for (reversal of) credit losses	2,175	10,311	1,519	(105)	1,540	288	79	(5)	15,802
Ending balance	\$ 16,337	\$ 40,693	\$ 14,252	\$ 864	\$ 8,633	\$ 1,894	\$ 634	\$ 25	\$ 83,332

The following table presents the amortized cost basis of collateral-dependent HFI loans by class of loans as of September 30, 2024 and December 31, 2023:

(dollars in thousands)	September 30, 2024				December 31, 2023			
	Business/Other				Business/Other			
	Assets	Real Estate	Assets	Real Estate				
Commercial	\$ 439	\$ 1,817	\$ 1,674	\$ 1,240				
Income-producing - commercial real estate	39,205	55,077	1,754	39,172				
Owner-occupied - commercial real estate	—	37,732	—	19,836				
Real estate mortgage - residential	—	—	—	1,692				
Construction - commercial and residential	—	—	—	525				
Home equity	—	257	—	242				
Total	\$ 39,644	\$ 94,883	\$ 3,428	\$ 62,707				

Credit Quality Indicators

The Company uses several credit quality indicators to manage credit risk in an ongoing manner. The Company's primary credit quality indicators inform an internal credit risk rating system that categorizes loans into pass, watch, special mention, or classified categories. Credit risk ratings are applied individually to those classes of loans that have significant or unique credit characteristics that benefit from a case-by-case evaluation. These are typically loans to businesses or individuals in the classes that comprise the commercial portfolio segment. Groups of loans that are underwritten and structured using standardized criteria and characteristics, such as statistical models (e.g., credit scoring or payment performance), are typically risk rated and monitored collectively. These are typically loans to individuals in the classes that comprise the consumer portfolio segment.

The following are the definitions of the Company's credit quality indicators:

Pass: Loans in all classes that comprise the commercial and consumer portfolio segments that are not adversely rated, are contractually current as to principal and interest, and are otherwise in compliance with the contractual terms of the loan agreement. Management believes that there is a low likelihood of loss related to those loans that are considered pass.

Special Mention: Loans in the classes that comprise the commercial portfolio segment that have potential weaknesses that deserve management's close attention. If not addressed, these potential weaknesses may result in deterioration of the repayment prospects for the loan. The special mention credit quality indicator is not used for classes of loans that comprise the consumer portfolio segment. Management believes that there is a moderate likelihood of some loss related to those loans that are considered special mention.

Classified: **Classified (a) Substandard** – Loans inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the company will sustain some loss if the deficiencies are not corrected. Loss potential, while existing in the aggregate amount of substandard loans, does not have to exist in individual loans classified substandard.

Classified (b) Doubtful – Loans that have all the weaknesses inherent in a loan classified substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors, which may work to the advantage and strengthening of the assets, its classification as an estimated loss is deferred until its more exact status may be determined.

The Company's credit quality indicators are generally updated annually, however, credits rated "Special Mention" or below are reviewed more frequently. Based on the most recent analysis performed, the amortized cost basis of HFI loans by risk category, class and year of origination, along with any charge-offs that were recorded in the applicable loan segment, if applicable, were as follows:

(dollars in thousands)	Prior	2020	2021	2022	2023	2024	Revolving Loans	Revolving Loans	Total
							Amort. Cost Basis	Convert. to Term	
September 30, 2024									
Commercial									
Pass	\$ 141,608	\$ 27,799	\$ 140,443	\$ 121,922	\$ 120,991	\$ 67,565	\$ 457,999	\$ 5,967	\$ 1,084,294
Special Mention	7,312	—	—	—	—	—	3,014	—	10,326
Substandard	11,401	7,860	1,948	220	—	—	30,296	8,004	59,729
Total	160,321	35,659	142,391	122,142	120,991	67,565	491,309	13,971	1,154,349
YTD gross charge-offs	(4,100)	—	—	—	—	—	—	(50)	(4,150)

FFC Focus									
Pass	—	—	348	—	—	—	—	—	348
Income producing - commercial real estate									
Pass	1,374,777	178,968	601,123	807,962	311,981	93,934	222,568	27,526	3,618,839
Special Mention	211,617	91,610	—	—	—	—	—	—	303,227
Substandard	222,554	—	—	—	—	—	10,500	—	233,054
Total	1,808,948	270,578	601,123	807,962	311,981	93,934	233,068	27,526	4,155,120
YTD gross charge-offs	(20,943)	(386)	—	—	—	—	—	—	(21,329)
Owner occupied - commercial real estate									
Pass	650,594	33,225	220,650	47,551	138,686	76,133	509	—	1,167,348
Special Mention	51,430	—	—	—	—	—	—	—	51,430
Substandard	56,208	1,254	—	—	—	—	—	—	57,462
Total	758,232	34,479	220,650	47,551	138,686	76,133	509	—	1,276,240
YTD Gross Charge-offs	(3,800)	—	—	—	—	—	—	—	(3,800)
Real estate mortgage - residential									
Pass	22,324	2,450	14,340	12,235	5,874	—	—	—	57,223
Total	22,324	2,450	14,340	12,235	5,874	—	—	—	57,223
YTD Gross Charge-offs	—	—	—	—	—	—	—	—	—
Construction - commercial and residential									
Pass	26,733	8,614	238,650	564,369	161,581	6,546	127,331	—	1,133,824
Substandard	6,141	29,737	4,889	—	—	—	—	—	40,767
Total	32,874	38,351	243,539	564,369	161,581	6,546	127,331	—	1,174,591
YTD gross charge-offs	(129)	—	—	—	—	—	—	—	(129)
Construction - C&I (owner occupied)									
Pass	6,212	49,996	—	35,098	8,514	—	842	—	100,662
Total	6,212	49,996	—	35,098	8,514	—	842	—	100,662
Home equity									
Pass	1,481	71	35	116	—	—	49,175	400	51,278
Substandard	62	—	227	—	—	—	—	—	289
Total	1,543	71	262	116	—	—	49,175	400	51,567
Other consumer									
Pass	3	—	—	—	—	69	96	1	169
Total	3	—	—	—	—	69	96	1	169
YTD gross charge-offs	(87)	—	—	—	—	—	—	(1)	(88)
Total recorded investment	\$ 2,790,457	\$ 431,584	\$ 1,222,653	\$ 1,589,473	\$ 747,627	\$ 244,247	\$ 902,330	\$ 41,898	\$ 7,970,269
Total YTD gross charge-offs	\$ (29,059)	\$ (386)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (51)	\$ (29,496)

Total recorded investment	\$ 2,367,170	\$ 614,362	\$ 525,985	\$ 1,185,099	\$ 1,391,290	\$ 750,863	\$ 1,103,437	\$ 30,489	\$ 7,968,695
Total YTD gross charge-offs	\$ (12,888)	\$ (5,500)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (1,135)	\$ (19,523)

Nonaccrual and Past Due Loans

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on nonaccrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. Loans may be placed on nonaccrual status regardless of whether or not such loans are considered past due. Interest income is subsequently recognized only to the extent cash payments are received in excess of principal due. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The following table presents, by portfolio segment, the nonaccrual HFI loans amortized cost basis as of September 30, 2024 and December 31, 2023:

(dollars in thousands, except amounts in footnotes)	Nonaccrual with No Allowance for Credit Losses		Nonaccrual with an Allowance for Credit Losses		Total Nonaccrual Loans
	Commercial	Income producing - commercial real estate	Owner occupied - commercial real estate	Real estate mortgage - residential	
September 30, 2024					
Commercial	\$ 1,479	\$ 451	\$ 1,930		
Income producing - commercial real estate	47,224	47,058	94,282		
Owner occupied - commercial real estate	642	37,088	37,730		
Real estate mortgage - residential	—	172	172		
Construction - commercial and residential	—	—	—		
Home equity	257	—	257		
Total ⁽¹⁾	\$ 49,602	\$ 84,769	\$ 134,371		
December 31, 2023					
Commercial	\$ 1,002	\$ 1,047	\$ 2,049		
Income producing - commercial real estate	40,926	—	40,926		
Owner occupied - commercial real estate	19,836	—	19,836		
Real estate mortgage - residential	—	1,946	1,946		
Construction - commercial and residential	—	525	525		
Home equity	242	—	242		
Total ⁽¹⁾	\$ 62,006	\$ 3,518	\$ 65,524		

(1) Gross coupon interest income of approximately \$ 5.9 million and \$ 4.1 million would have been recorded for the nine months ended September 30, 2024 and 2023, respectively, if nonaccrual loans shown above had been current and in accordance with their original terms, while no coupon interest income was actually recorded on such loans for the nine months ended September 30, 2024 and 2023, respectively.

The table presents, by portfolio segment, an aging analysis and the recorded investments in HFI loans past due, on an amortized cost basis as of September 30, 2024 and December 31, 2023:

(dollars in thousands)	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 Days or More Past Due	Total Past Due Loans	Current Loans	Nonaccrual Loans	Total Recorded Investment in Loans
	Due	Due	Past Due				
September 30, 2024							
Commercial	\$ 66	\$ 17,996	\$ —	\$ 18,062	\$ 1,134,357	\$ 1,930	\$ 1,154,349
PPP loans	—	—	—	—	348	—	348
Income producing - commercial real estate	8,413	26,159	—	34,572	4,026,266	94,282	4,155,120
Owner occupied - commercial real estate	2,566	—	—	2,566	1,235,944	37,730	1,276,240
Real estate mortgage - residential	—	—	—	—	57,051	172	57,223
Construction - commercial and residential	1,031	—	—	1,031	1,173,560	—	1,174,591
Construction - C&I (owner occupied)	—	—	—	—	100,662	—	100,662
Home equity	106	—	—	106	51,204	257	51,567
Other consumer	—	1	—	1	168	—	169
Total	\$ 12,182	\$ 44,156	\$ —	\$ 56,338	\$ 7,779,560	\$ 134,371	\$ 7,970,269
December 31, 2023							
Commercial	\$ 985	\$ 7,048	\$ —	\$ 8,033	\$ 1,463,684	\$ 2,049	\$ 1,473,766
PPP loans	—	—	—	—	528	—	528
Income producing - commercial real estate	—	—	—	—	4,053,688	40,926	4,094,614
Owner occupied - commercial real estate	1,274	—	—	1,274	1,151,129	19,836	1,172,239
Real estate mortgage - residential	2,089	—	—	2,089	69,361	1,946	73,396
Construction - commercial and residential	2,056	—	—	2,056	967,185	525	969,766
Construction - C&I (owner occupied)	—	—	—	—	132,021	—	132,021
Home equity	197	—	—	197	51,525	242	51,964
Other consumer	—	—	—	—	401	—	401
Total	\$ 6,601	\$ 7,048	\$ —	\$ 13,649	\$ 7,889,522	\$ 65,524	\$ 7,968,695

Loan Modifications for Borrowers Experiencing Financial Difficulty

The Company evaluates all loan restructurings according to the accounting guidance for loan modifications to determine if the restructuring results in a new loan or a continuation of the existing loan. Loan modifications to borrowers experiencing financial difficulties that result in a direct change in the timing or amount of contractual cash flows include situations where there is principal forgiveness, interest rate reductions, other-than-insignificant payment delays, term extensions, and combinations of the listed modifications. Therefore, the disclosures related to loan restructurings are for modifications which have a direct impact on cash flows.

The Company may offer various types of modifications when restructuring a loan. Commercial and industrial loans modified in a loan restructuring often involve temporary interest-only payments, term extensions, and converting revolving credit lines to term loans. Additional collateral, a co-borrower, or a guarantor is often requested.

Commercial mortgage and construction loans modified in a loan restructuring often involve reducing the interest rate for the remaining term of the loan, extending the maturity date at an interest rate lower than the current market rate for new debt with similar risk, or substituting or adding a new borrower or guarantor. Construction loans modified in a loan restructuring may also involve extending the interest-only payment period.

Loans modified in a loan restructuring for the Company may have the financial effect of increasing the specific allowance associated with the loan. An allowance for consumer and commercial loans that have been modified in a loan restructuring is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the estimated fair value of the collateral, less any selling costs, if the loan is collateral dependent. Management exercises significant judgment in developing these estimates.

Commercial and consumer loans modified in a loan restructuring are closely monitored for delinquency as an early indicator of possible future default. If loans modified in a loan restructuring subsequently default, the Company evaluates the loan for possible further loss. The allowance may be increased, adjustments may be made in the allocation of the allowance, or partial charge-offs may be taken to further write-down the carrying value of the loan.

The following tables present the amortized cost basis as of September 30, 2024 and 2023 and the financial effect of HFI loans modified to borrowers experiencing financial difficulty during the three and nine months ended September 30, 2024 and 2023:

September 30, 2024

(dollars in thousands)	Term Extension	Combination - Term Extension and Principal Payment Delay	Combination - Interest Rate Reduction and Principal Payment Delay	Combination - Term Extension, Principal Payment Delay and Interest Rate Reduction	Total	Percentage of Total Loan Type	Weighted Average Term and Principal Payment Extension	Weighted Average Interest Rate Reduction
Three months ended September 30, 2024:								
Commercial	\$ 11,328	\$ 28,776	\$ —	\$ —	\$ 40,104	3.5%	10 months	—%
Income producing - commercial real estate	27,535	69,023	—	—	96,558	2.3%	12 months	—%
Owner occupied - commercial real estate	—	—	—	—	—	—%	—	—%
Construction - commercial and residential	—	—	—	—	—	—%	—	—%
Total	\$ 38,863	\$ 97,799	\$ —	\$ —	\$ 136,662			
Nine months ended September 30, 2024:								
Commercial	\$ 27,325	\$ 28,776	\$ 7,831	\$ —	\$ 63,932	5.5%	13 months	1.63%
Income producing - commercial real estate	27,535	171,851	—	3,513	202,899	4.9%	10 months	3.59%
Owner occupied - commercial real estate	874	—	—	—	874	0.1%	12 months	—%
Construction - commercial and residential	—	11,030	—	—	11,030	0.9%	9 months	—%
Total	\$ 55,734	\$ 211,657	\$ 7,831	\$ 3,513	\$ 278,735			

September 30, 2023

(dollars in thousands)	Term Extension	Combination - Term Extension and Principal Payment Delay	Combination - Interest Rate Reduction and Principal Payment Delay	Combination - Term Extension, Principal Payment Delay and Interest Rate Reduction	Total	Percentage of Total Loan Type	Weighted Average Term and Principal Payment Extension	Weighted Average Interest Rate Reduction
Three months ended September 30, 2023:								
Commercial	\$ 29,898	\$ —	\$ —	\$ —	\$ 29,898	2.1	%	4 months
Income producing - commercial real estate	7,190	55,649	—	113,833	176,672	4.3	%	10 months
Owner occupied - commercial real estate	—	19,125	—	—	19,125	1.6	%	3 months
Total	\$ 37,088	\$ 74,774	\$ —	\$ 113,833	\$ 225,695			
Nine months ended September 30, 2023:								
Commercial	\$ 36,969	\$ —	\$ —	\$ —	\$ 36,969	2.6	%	7 months
Income producing - commercial real estate	7,190	57,808	—	113,833	178,831	4.3	%	13 months
Owner occupied - commercial real estate	—	19,125	—	—	19,125	1.6	%	9 months
Construction - commercial and residential	7,093	—	—	—	7,093	0.8	%	6 months
Total	\$ 51,252	\$ 76,933	\$ —	\$ 113,833	\$ 242,018			

The following table presents the performance of HFI loans modified during the prior twelve months to borrowers experiencing financial difficulty:

(dollars in thousands)	September 30, 2024		
	Current	30-89 Days Past Due	Nonaccrual
Commercial	\$ 60,611	\$ 3,321	\$ —
Income producing - commercial real estate	158,916	12,371	57,558
Owner occupied - commercial real estate	874	—	—
Real estate mortgage - residential	—	—	—
Construction - commercial and residential	11,030	—	—
Total	\$ 231,431	\$ 15,692	\$ 57,558

The Company monitors loan payments on performing and nonperforming loans on an on-going basis to determine if a loan is considered to have a payment default. To determine the existence of a payment default, the Company analyzes the economic conditions that exist for each borrower and their ability to generate positive cash flow during a given loan's term.

The following table presents the amortized cost basis of HFI loans that were experiencing payment default as of September 30, 2024 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty:

(dollars in thousands)	September 30, 2024		
	Amortized Cost Basis		
	Term Extension	Combination - Term Extension and Principal Payment Delay	Combination - Term Extension, Principal Payment Delay and Interest Rate Reduction
Commercial	\$ 3,321	—	—
Income producing - commercial real estate	—	69,929	—
Owner occupied - commercial real estate	—	—	—
Construction - commercial and residential	—	—	—
Total	3,321	69,929	—

The Company individually evaluates nonaccrual loans when performing its CECL estimate to calculate the ACL. Additionally, the Company utilizes historical internal and third-party service provider sourced loss data in the determination of its PD/LGD rates applied in the calculation of its CECL estimate. Upon determination that a modified loan (or a portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is charged off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the ACL is adjusted by the same amount.

Note 5. Leases

The Company accounts for leases in accordance with ASC Topic 842. A lease is defined as a contract that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. Substantially all of the leases in which the Company is the lessee comprise real estate for branch offices, ATM locations, and corporate office space. Substantially all of our leases are classified as operating leases and are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the Consolidated Balance Sheets.

As of September 30, 2024 and December 31, 2023, the Company had \$ 15.2 million and \$19.1 million of operating lease ROU assets, respectively, and \$ 18.8 million and \$23.2 million of operating lease liabilities, respectively, on the Company's Consolidated Balance Sheets. The Company elects not to recognize ROU assets and lease liabilities arising from short-term leases, leases with initial terms of twelve months or less, or equipment leases (deemed immaterial) on the Consolidated Balance Sheets.

The leases contain options to extend or terminate the lease, which are recognized as part of the ROU assets and lease liabilities when an economic benefit to exercise the option exists and there is a 90% probability that the Company will exercise the option. If these criteria are not met, the options are not included in ROU assets and lease liabilities.

As of September 30, 2024, the Company's leases do not contain material residual value guarantees or impose restrictions or covenants related to dividends or its ability to incur additional financial obligations. During the nine months ended September 30, 2024, the Company did not enter into new leases nor renew any leases. However, during the same period, the Company did extend two existing leases, one each in Maryland and District of Columbia, and two additional leases expired.

The following table presents lease costs and other lease information.

(dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Lease cost				
Operating lease cost (cost resulting from lease payments)	\$ 1,525	\$ 1,604	\$ 4,691	\$ 4,987
Variable lease cost (cost excluded from lease payments)	231	245	709	754
Sublease income	—	(30)	(40)	(89)
Net lease cost	\$ 1,756	\$ 1,819	\$ 5,360	\$ 5,652
Operating lease - operating cash flows (fixed payments)	\$ 1,703	\$ 1,760	\$ 5,212	\$ 5,433
(dollars in thousands)				
	September 30, 2024	December 31, 2023		
Right-of-use assets - operating leases	\$ 15,167	\$ 19,129		
Operating lease liabilities	\$ 18,755	\$ 23,238		
Weighted average lease term - operating leases	4.57 yrs	4.93 yrs		
Weighted average discount rate - operating leases	2.63 %	2.78 %		

Future minimum payments for operating leases with initial or remaining terms of more than one year as of September 30, 2024 were as follows:

(dollars in thousands)	
Twelve months ended:	
September 30, 2025	\$ 6,821
September 30, 2026	3,580
September 30, 2027	2,753
September 30, 2028	2,207
September 30, 2029	1,857
Thereafter	2,413
Total future minimum lease payments	19,631
Amounts representing interest	
Present value of net future minimum lease payments	\$ 18,755

Note 6. Goodwill and Intangibles

Intangible assets are included in the Consolidated Balance Sheets as a separate line item, net of accumulated amortization and consist of the following items:

(dollars in thousands)	Gross Intangible Assets	Additions	Accumulated Amortization	Impairment	Net Intangible Assets
September 30, 2024:					
Goodwill	\$ 104,168	\$ —	\$ —	\$ (104,168)	\$ —
Excess servicing ⁽¹⁾	37	—	(16)	—	21
Non-compete agreements	720	—	(720)	—	—
Total	\$ 104,925	\$ —	\$ (736)	\$ (104,168)	\$ 21
December 31, 2023:					
Goodwill	\$ 104,168	\$ —	\$ —	\$ —	\$ 104,168
Excess servicing ⁽¹⁾	65	—	(28)	—	37
Non-compete agreements	—	1,234	(514)	—	720
Total	\$ 104,233	\$ 1,234	\$ (542)	\$ —	\$ 104,925

(1) The Company recognizes a servicing asset for the computed value of servicing fees on the sale of multifamily FHA loans and the sale of the guaranteed portion of SBA loans. Assumptions related to loan terms and amortization are made to arrive at the initial recorded values.

During the second quarter ended June 30, 2024, Management determined that a triggering event had occurred as a result of the share price trading under book value for more than four quarters due to changes in macroeconomic conditions and market volatility in the financial markets and the banking industry due to the impact from rising interest rates which resulted in fluctuations of the Company's stock price with a sustained decrease. As a result of the triggering event, the Company engaged a third-party service provider to assist Management with the determination of the fair value of the Company in the second quarter of 2024. The resulting calculations indicated that the fair value did not exceed the carrying amount of the Company's only reporting unit as of May 31, 2024 which resulted in a determination that goodwill had become fully impaired. The goodwill impairment charge of \$104.2 million reduced fully the carrying value of the Company's goodwill as of May 31, 2024. The impaired goodwill is primarily related to the acquisition of the Virginia Heritage Bank in October 2014. The impairment charge did not impact our cash flows, liquidity ratios, core operating performance, or regulatory capital ratios.

Note 7. Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities through the use of derivative financial instruments.

Cash Flow Hedges of Interest Rate Risk

The Company historically utilized interest rate swaptions, accounted for as cash flow hedges, to protect itself against adverse fluctuations in interest rates on a forecasted issuance of debt. During the quarter ended March 31, 2024, the Company terminated its interest rate swaption contracts and discontinued the associated hedging relationship. The amount in accumulated other comprehensive loss related to the swaption contracts is being amortized over the remainder of the hedged transaction. The Company expects to reclassify the remaining \$57 thousand out of accumulated other comprehensive loss over the next two quarters as a reduction of interest expense.

Interest Rate Products

Interest rate derivatives not designated as hedges are not speculative and result from a service the Company provides to certain customers. The Company executes interest rate caps and swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting derivatives that the Company executes with a third party, such that the Company minimizes its net market risk exposure resulting from such transactions. As the interest rate derivatives associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer derivatives and the offsetting derivatives are recognized directly in earnings. At September 30, 2024, the Company had posted \$10.2 million of cash collateral with other financial institutions and held \$ 9.2 million of cash collateral on behalf of other financial institutions.

The Company entered into credit risk participation agreements ("RPAs") with institutional counterparties, under which the Company assumes its pro-rata share of the credit exposure associated with a borrower's performance related to interest rate derivative contracts in exchange for a fee. The fair value of RPAs is calculated by determining the total expected asset or liability exposure of the derivatives to the borrowers and applying the borrowers' credit spread to that exposure. Total expected exposure incorporates both the current and potential future exposure of the derivatives, derived from using observable inputs, such as yield curves and volatilities.

Credit-Risk-Related Contingent Features

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, then the Company could also be declared in default on its derivative obligations.

The Company is exposed to credit risk in the event of nonperformance by the interest rate derivative counterparty. The Company minimizes this risk by entering into derivative contracts with only large, stable financial institutions, and the Company has not experienced, and does not expect, any losses from counterparty nonperformance on the interest rate derivatives. The Company monitors counterparty risk in accordance with the provisions of ASC Topic 815, *"Derivatives and Hedging."* In addition, the interest rate derivative agreements contain language outlining collateral-pledging requirements for each counterparty.

The interest rate derivative agreements detail: 1) that collateral be posted when the market value exceeds certain threshold limits associated with the secured party's exposure; 2) if the Company defaults on any of its indebtedness (including default where repayment of the indebtedness has not been accelerated by the lender), then the Company could also be declared in default on its derivative obligations; 3) if the Company fails to maintain its status as a well-capitalized institution then the counterparty could terminate the derivative positions and the Company would be required to settle its obligations under the agreements.

The table below identifies the balance sheet category and fair value of the Company's derivative instruments as of September 30, 2024 and December 31, 2023. The Company has a minimum collateral posting threshold with its derivative counterparty. If the Company had breached any provisions under the agreement at September 30, 2024, it could have been required to settle its obligations under the agreement at the termination value.

(dollars in thousands)	September 30, 2024			December 31, 2023		
	Notional Amount	Fair Value	Balance Sheet Category	Notional Amount	Fair Value	Balance Sheet Category
Derivatives in an asset position:						
Derivatives designated as hedging instruments:						
Interest rate product	\$ —	\$ —	Other assets	\$ 300,000	\$ 374	Other assets
Derivatives not designated as hedging instruments:						
Interest rate product	755,156	31,984	Other assets	651,429	30,288	Other assets
Credit risk participation agreements	49,480	1	Other liabilities	49,480	3	Other liabilities
Total	<u>804,636</u>	<u>31,985</u>		<u>700,909</u>	<u>30,291</u>	
Total derivatives in an asset position:	<u>\$ 804,636</u>	<u>\$ 31,985</u>		<u>\$ 1,000,909</u>	<u>\$ 30,665</u>	
Derivatives in a liability position:						
Derivatives not designated as hedging instruments:						
Interest rate product	\$ 755,156	\$ 30,588	Other liabilities	\$ 654,757	\$ 30,555	Other liabilities

The table below presents the effect of the Company's derivative financial instruments on the Consolidated Statements of Operations for the three and nine months ended September 30, 2024 and 2023:

(dollars in thousands)	Location of Gain (Loss) Recognized in Income on Derivatives	The Effect of Derivatives Not Designated as Hedging Instruments on the Consolidated Statements of Operations			
		Amount of Gain (Loss) Recognized in Income on Derivatives			
		Three Months Ended September 30,	Nine Months Ended September 30,	2024	2023
Interest rate products	Other income / (other expense)	\$ 843	\$ 3,027	\$ 1,321	\$ 3,735

Note 8. Deposits

The following table provides information regarding the Bank's deposit composition at September 30, 2024 and December 31, 2023:

(dollars in thousands)		September 30, 2024		December 31, 2023	
		2024	2023	2024	2023
Noninterest-bearing demand		\$ 1,609,823	\$ 2,279,081		
Interest-bearing transaction		903,300	997,448		
Savings and money market		3,316,819	3,314,043		
Time deposits		2,710,908	2,217,467		
Total		\$ 8,540,850	\$ 8,808,039		

The remaining maturity of time deposits at September 30, 2024 and December 31, 2023 were as follows:

(dollars in thousands)	September 30, 2024	December 31, 2023
2024	\$ 411,016	\$ 1,445,395
2025	1,907,109	576,379
2026	374,159	180,384
2027	6,443	5,482
2028	10,175	9,827
2029	2,006	—
Total	\$ 2,710,908	\$ 2,217,467

As of September 30, 2024 and December 31, 2023, time deposit accounts in excess of \$250 thousand were as follows:

(dollars in thousands)	September 30, 2024	December 31, 2023
Three months or less	\$ 187,180	\$ 119,880
More than three months through six months	182,214	318,353
More than six months through twelve months	798,285	368,103
Over twelve months	483,883	726,758
Total	\$ 1,651,562	\$ 1,533,094

At September 30, 2024, total brokered deposits were \$3.6 billion or 42.5% of total deposits, of which \$1.4 billion were attributable to the Certificates of Deposit Account Registry Service ("CDARS") and Insured Cash Sweep ("ICS") two-way accounts. At December 31, 2023, total brokered deposits (excluding the CDARS and ICS two-way) were \$2.5 billion, or 28.8% of total deposits.

Note 9. Borrowings

The following table summarizes the Company's borrowings, which include repurchase agreements with the Company's customers and borrowings, at September 30, 2024 and December 31, 2023:

(dollars in thousands)	Borrowings - Principal	Unamortized Deferred Issuance Costs	Net Borrowings Outstanding	Available Capacity ⁽¹⁾	Maturity Dates	Interest Rates ⁽²⁾
September 30, 2024:						
Customer repurchase agreements	\$ 32,040	\$ —	\$ 32,040	\$ —	N/A	3.31%
Short-term borrowings:						
Secured borrowings:						
FHLB	240,000	—	240,000	1,203,126	April 1, 2025	5.20%
FRB:						
BTFP	1,000,000	—	1,000,000	—	January 15, 2025	4.76%
Discount window	—	—	—	1,839,552	N/A	N/A
Raymond James repurchase agreement	—	—	—	18,604	N/A	N/A
Subordinated notes	—	—	—	—	N/A	N/A
Total	1,240,000	—	1,240,000	3,061,282		
Long-term borrowings:						
Senior notes	77,665	(1,853)	75,812	—	September 30, 2029	10.00 %
Total borrowings	\$ 1,349,705	\$ (1,853)	\$ 1,347,852	\$ 3,061,282		
December 31, 2023:						
Customer repurchase agreements	\$ 30,587	\$ —	\$ 30,587	\$ —	N/A	3.42%
Short-term borrowings:						
Secured borrowings:						
FHLB	—	—	—	1,271,846	N/A	N/A
FRB:						
BTFP	1,300,000	—	1,300,000	598,870	March 22, 2024	4.53%
Discount window	—	—	—	601,504	N/A	N/A
Raymond James repurchase agreement	—	—	—	17,993	N/A	N/A
Subordinated notes	70,000	(82)	69,918	—	September 1, 2024	5.75%
Long-term borrowings:						
Senior notes	—	—	—	—	N/A	N/A
Total borrowings	\$ 1,400,587	\$ (82)	\$ 1,400,505	\$ 2,490,213		

(1) Available capacity on the Company's borrowing arrangements with the FHLB, the FRB and the Raymond James repurchase line comprise pledged collateral that has not been borrowed against. At September 30, 2024, the Company had total additional undrawn borrowing capacity of approximately \$4.0 billion, comprising unencumbered securities available to be pledged of approximately \$ 892.9 million and undrawn financing on pledged assets of \$3.1 billion.

(2) Represent the weighted average interest rate on customer repurchase agreements and the borrowings outstanding and the coupon interest rate on the subordinated notes, which approximates the effective interest rate.

The Company's repurchase agreements operate on a rolling basis and do not contain contractual maturity dates. The contractual maturity dates on FHLB secured borrowings represent the maturity dates of current advances and are not evidence of a termination date on the line.

There are no prepayment penalties nor unused commitment fees on any of the Company's borrowing arrangements.

Bank Term Funding Program ("BTFP")

On March 12, 2023, the FRB, Department of Treasury and the Federal Deposit Insurance Corporation ("FDIC") issued a joint statement outlining actions they had taken to protect the U.S. economy by strengthening public confidence in the banking system as a result of and in response to recently announced bank closures. Among other actions, the Federal Reserve Board announced that it would make available additional funding to eligible depository institutions through the creation of a new BTFP. The BTFP provides eligible depository institutions, including the Company's subsidiary bank, the Bank, an additional source of liquidity.

Borrowings are funded based on a percentage of the principal of eligible collateral posted, as defined within the terms of the program. Interest is payable at a fixed rate over the term of the borrowing and there are no prepayment penalties. The Federal Reserve announced in January 2024 that the BTFP would stop originating new loans on March 11, 2024, as scheduled. The Federal Reserve also modified the terms of the program so that the interest rate for new loans would be no lower than the interest rate on reserve balances in effect on the day the loan is made. In January 2024, the Company borrowed an additional \$500.0 million through the BTFP and refinanced \$500.0 million under the program, both at an interest rate of 4.76% that mature in January 2025.

Senior Notes

On September 30, 2024, the Company closed a private placement of its 10.00% senior unsecured debt totaling \$77.7 million maturing on September 30, 2029 (the "2029 Senior Notes"). At September 30, 2024, the carrying value of these 2029 Senior Notes was \$75.8 million, which reflected \$1.9 million in deferred financing costs that are being amortized over the life of the 2029 Senior Notes.

In connection with the issuance of the 2029 Senior Notes, the Company also entered into a registration rights agreement dated September 30, 2024 with the purchasers of the 2029 Senior Notes (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement, the Company is planning to file an exchange offer registration statement with the SEC to exchange the Senior Notes for substantially identical notes registered under the Securities Act.

Subordinated Notes

On August 5, 2014, the Company completed the sale of \$ 70.0 million of its 5.75% subordinated notes, which matured and were repaid in September 2024 (the "2024 Notes"). The net proceeds were approximately \$68.8 million which included \$1.2 million in deferred financing costs, which were amortized over the life of the 2024 Notes. The 2024 Notes were offered to the public at par and qualified as Tier 2 capital for regulatory purposes to the fullest extent permitted under the Basel III Rule capital requirements and were fully phased out of regulatory capital as of December 31, 2023 as they approached maturity.

Note 10. Net Income (Loss) per Common Share

The calculation of net income (loss) per common share for the three and nine months ended September 30, 2024 and 2023 was as follows:

(dollars and shares in thousands, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Basic:				
Net income (loss)	\$ 21,815	\$ 27,383	\$ (62,325)	\$ 80,309
Average common shares outstanding	30,174	29,910	30,143	30,487
Basic net income (loss) per common share	\$ 0.72	\$ 0.91	\$ (2.07)	\$ 2.63
Diluted:				
Net income (loss)	\$ 21,815	\$ 27,383	\$ (62,325)	\$ 80,309
Average common shares outstanding	30,174	29,910	30,143	30,487
Adjustment for common share equivalents	68	34	—	48
Average common shares outstanding-diluted	30,242	29,944	30,143	30,535
Diluted net income (loss) per common share ⁽¹⁾	\$ 0.72	\$ 0.91	\$ (2.07)	\$ 2.63
Anti-dilutive shares	3	3	58	3

⁽¹⁾ For periods ended with a net loss, anti-dilutive financial instruments have been excluded from the calculation of GAAP diluted EPS.

Basic net income (loss) per share is computed by dividing income (loss) available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted net income (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the net income (loss) of the Company. The computation of diluted per share does not assume conversion or exercise of securities that would have an anti-dilutive effect on net income (loss) per share.

Securities issued by the Company that could potentially dilute net income (loss) per share in future periods include stock options and restricted stock. To calculate diluted net income (loss) per share, the Company utilizes the Treasury Stock method which results in only an incremental number of shares added to shares outstanding during the period.

Note 11. Other Comprehensive (Loss) Income

The following table presents the components of other comprehensive (loss) income for the three and nine months ended September 30, 2024 and 2023.

(dollars in thousands)	Before Tax	Tax Effect	Net of Tax
Three Months Ended September 30, 2024			
Net unrealized gain on securities available-for-sale	\$ 46,788	\$ (11,450)	\$ 35,338
Less: Reclassification adjustment for net gain included in net income	(3)	1	(2)
Total unrealized gain on investment securities available-for-sale	46,785	(11,449)	35,336
Amortization of unrealized loss on securities transferred to held-to-maturity	1,768	(413)	1,355
Net unrealized loss on derivatives	(32)	7	(25)
Other comprehensive income	<u>\$ 48,521</u>	<u>\$ (11,855)</u>	<u>\$ 36,666</u>
Three Months Ended September 30, 2023			
Net unrealized loss on securities available-for-sale	\$ (28,150)	\$ 6,836	\$ (21,314)
Less: Reclassification adjustment for net gain included in net income	(5)	1	(4)
Total unrealized loss on investment securities available-for-sale	(28,155)	6,837	(21,318)
Amortization of unrealized loss on securities transferred to held-to-maturity	1,824	(424)	1,400
Other comprehensive loss	<u>\$ (26,331)</u>	<u>\$ 6,413</u>	<u>\$ (19,918)</u>
Nine Months Ended September 30, 2024			
Net unrealized gain on securities available-for-sale	\$ 44,907	\$ (11,006)	\$ 33,901
Less: Reclassification adjustment for net gain included in net income	(10)	2	(8)
Total unrealized gain on investment securities available-for-sale	44,897	(11,004)	33,893
Amortization of unrealized loss on securities transferred to held-to-maturity	5,224	(1,162)	4,062
Net unrealized gain on derivatives	298	(73)	225
Other comprehensive income	<u>\$ 50,419</u>	<u>\$ (12,239)</u>	<u>\$ 38,180</u>
Nine Months Ended September 30, 2023			
Net unrealized loss on securities available-for-sale	\$ (20,070)	\$ 4,618	\$ (15,452)
Less: Reclassification adjustment for net loss included in net income	14	(4)	10
Total unrealized loss on investment securities available-for-sale	(20,056)	4,614	(15,442)
Amortization of unrealized loss on securities transferred to held-to-maturity	5,638	(2,194)	3,444
Other comprehensive loss	<u>\$ (14,418)</u>	<u>\$ 2,420</u>	<u>\$ (11,998)</u>

The following table presents the changes in each component of accumulated other comprehensive income (loss), net of tax, for the three and nine months ended September 30, 2024 and 2023.

(dollars in thousands)	Securities Available-For-Sale	Securities Held-to-Maturity	Derivatives	Accumulated Other Comprehensive Income (Loss)
Three Months Ended September 30, 2024				
Balance at beginning of period	\$ (123,689)	\$ (37,222)	\$ 68	\$ (160,843)
Other comprehensive income (loss) before reclassifications	35,338	—	(25)	35,313
Amounts reclassified from accumulated other comprehensive income (loss)	(2)	—	—	(2)
Amortization of unrealized loss on securities transferred to held-to-maturity	—	1,355	—	1,355
Net other comprehensive income (loss) during period	35,336	1,355	(25)	36,666
Balance at end of period	<u><u>\$ (88,353)</u></u>	<u><u>\$ (35,867)</u></u>	<u><u>\$ 43</u></u>	<u><u>\$ (124,177)</u></u>
Three Months Ended September 30, 2023				
Balance at beginning of period	\$ (148,897)	\$ (42,690)	\$ —	\$ (191,587)
Other comprehensive loss before reclassifications	(21,314)	—	—	(21,314)
Amounts reclassified from accumulated other comprehensive income (loss)	(4)	—	—	(4)
Amortization of unrealized loss on securities transferred to held-to-maturity	—	1,400	—	1,400
Net other comprehensive (loss) income during period	(21,318)	1,400	—	(19,918)
Balance at end of period	<u><u>\$ (170,215)</u></u>	<u><u>\$ (41,290)</u></u>	<u><u>\$ —</u></u>	<u><u>\$ (211,505)</u></u>
Nine Months Ended September 30, 2024				
Balance at beginning of period	\$ (122,246)	\$ (39,929)	\$ (182)	\$ (162,357)
Other comprehensive (loss) income before reclassifications	33,901	—	225	34,126
Amounts reclassified from accumulated other comprehensive income (loss)	(8)	—	—	(8)
Amortization of unrealized loss on securities transferred to held-to-maturity	—	4,062	—	4,062
Net other comprehensive income (loss) during period	33,893	4,062	225	38,180
Balance at end of period	<u><u>\$ (88,353)</u></u>	<u><u>\$ (35,867)</u></u>	<u><u>\$ 43</u></u>	<u><u>\$ (124,177)</u></u>
Nine Months Ended September 30, 2023				
Balance at beginning of period	\$ (154,773)	\$ (44,734)	\$ —	\$ (199,507)
Other comprehensive income before reclassifications	(15,452)	—	—	(15,452)
Amounts reclassified from accumulated other comprehensive income	10	—	—	10
Amortization of unrealized loss on securities transferred to held-to-maturity	—	3,444	—	3,444
Net other comprehensive (loss) income during period	(15,442)	3,444	—	(11,998)
Balance at end of period	<u><u>\$ (170,215)</u></u>	<u><u>\$ (41,290)</u></u>	<u><u>\$ —</u></u>	<u><u>\$ (211,505)</u></u>

The following table presents the amounts reclassified out of each component of accumulated other comprehensive income (loss) for the three and nine months ended September 30, 2024 and 2023.

Details about Accumulated Other Comprehensive Income (Loss) Components (dollars in thousands)	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line Item in Consolidated Statements of Income	
	Three Months Ended September 30,			
	2024	2023		
Realized gain (loss) on sale of investment securities	\$ 3	\$ 5	Net gain (loss) on sale of investment securities	
Income tax benefit (expense)	(1)	(1)	Income tax expense	
Total reclassifications for the periods	\$ 2	\$ 4		

Details about Accumulated Other Comprehensive Income (Loss) Components (dollars in thousands)	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line Item in Consolidated Statements of Operations	
	Nine Months Ended September 30,			
	2024	2023		
Realized gain (loss) on sale of investment securities	\$ 10	\$ (14)	Net gain (loss) on sale of investment securities	
Income tax benefit (expense)	(2)	4	Income tax expense	
Total reclassifications for the periods	\$ 8	\$ (10)		

Note 12. Fair Value Measurements

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the Company utilizes valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. ASC Topic 820, *"Fair Value Measurements and Disclosures,"* establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 Quoted prices in active exchange markets for identical assets or liabilities; also includes certain U.S. treasury and other U.S. Government and agency securities actively traded in over-the-counter markets.

Level 2 Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data; also includes derivative contracts whose value is determined using a pricing model with observable market inputs or inputs that can be derived principally from or corroborated by observable market data. This category generally includes certain U.S. Government and agency securities, corporate debt securities, derivative instruments, and residential mortgage loans held for sale.

Level 3 Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for single dealer nonbinding quotes not corroborated by observable market data. This category generally includes certain private equity investments, retained interests from securitizations, and certain collateralized debt obligations.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The tables below present the recorded amount of assets and liabilities measured at fair value on a recurring basis as of September 30, 2024 and December 31, 2023.

(dollars in thousands)	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total Fair Value
September 30, 2024				
Assets:				
Investment securities available-for-sale:				
U.S. treasury bonds	\$ —	\$ 49,403	\$ —	\$ 49,403
U. S. agency securities	—	653,277	—	653,277
Residential mortgage-backed securities	—	670,045	—	670,045
Commercial mortgage-backed securities	—	50,216	—	50,216
Municipal bonds	—	8,267	—	8,267
Corporate bonds	—	1,798	—	1,798
Interest rate product	—	31,984	—	31,984
Credit risk participation agreements	—	1	—	1
Total assets measured at fair value on a recurring basis	\$ —	\$ 1,464,991	\$ —	\$ 1,464,991
Liabilities:				
Interest rate product	\$ —	\$ 30,588	\$ —	\$ 30,588
Total liabilities measured at fair value on a recurring basis	\$ —	\$ 30,588	\$ —	\$ 30,588
December 31, 2023				
Assets:				
Investment securities available-for-sale:				
U.S. treasury bonds	\$ —	\$ 47,901	\$ —	\$ 47,901
U. S. agency securities	—	671,397	—	671,397
Residential mortgage-backed securities	—	727,353	—	727,353
Commercial mortgage-backed securities	—	49,564	—	49,564
Municipal bonds	—	8,490	—	8,490
Corporate bonds	—	1,683	—	1,683
Interest rate product	—	30,662	—	30,662
Credit risk participation agreements	—	3	—	3
Total assets measured at fair value on a recurring basis	\$ —	\$ 1,537,053	\$ —	\$ 1,537,053
Liabilities:				
Interest rate product	\$ —	\$ 30,555	\$ —	\$ 30,555
Total liabilities measured at fair value on a recurring basis	\$ —	\$ 30,555	\$ —	\$ 30,555

Investment securities available-for-sale: AFS securities are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair value is measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 2 securities include certain U.S. treasury bonds, U.S. agency debt securities, MBS issued by Government Sponsored Entities and municipal bonds. Securities classified as Level 3 include securities in less liquid markets, for which the carrying amounts approximate the fair value.

Credit risk participation agreements: The Company enters into RPAs with institutional counterparties, under which the Company assumes its pro-rata share of the credit exposure associated with a borrower's performance related to interest rate derivative contracts. The fair value of RPAs is calculated by determining the total expected asset or liability exposure of the derivatives to the borrowers and applying the borrowers' credit spread to that exposure. Total expected exposure incorporates both the current and potential future exposure of the derivatives, derived from using observable inputs, such as yield curves and volatilities. Accordingly, RPAs fall within Level 2.

Interest rate derivatives: The Company entered into an interest rate derivative agreement with an institutional counterparty, under which the Company will receive cash if and when market rates exceed the derivatives strike rate. The fair value of the derivative is calculated by determining the total expected asset or liability exposure of the derivative. Total expected exposure incorporates both the current and potential future exposure of the derivative, derived from using observable inputs, such as yield curves and volatilities. Accordingly, the derivative falls within Level 2.

Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis

The Company measures certain assets at fair value on a nonrecurring basis, and the following is a general description of the methods used to value such assets.

Loans: The fair value of individually assessed loans is estimated using one of several methods, including the collateral value, market value of similar debt, enterprise value, liquidation value and discounted cash flows. Those individually assessed loans not requiring a specific allowance represent loans for which the fair value of expected repayments or collateral exceed the recorded investment in such loans. At September 30, 2024, substantially all of the Company's individually evaluated loans were evaluated based upon the fair value of the collateral. In accordance with ASC Topic 820, individually evaluated loans where an allowance is established based on the fair value of collateral, i.e. those that are collateral dependent, require classification in the fair value hierarchy. When the fair value of the collateral is based on an observable market price or a current appraised value, the Company records the loan as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Company records the loan as nonrecurring Level 3.

Other real estate owned ("OREO"): OREO is initially recorded at fair value less estimated selling costs. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral, which the Company classifies as a Level 3 valuation.

Assets measured at fair value on a nonrecurring basis are included in the table below:

(dollars in thousands)	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total Fair Value
September 30, 2024				
Individually assessed loans:				
Commercial	\$ —	\$ —	\$ 2,489	\$ 2,489
Income producing - commercial real estate	—	—	92,796	92,796
Owner occupied - commercial real estate	—	—	33,961	33,961
Home equity	—	—	257	257
Other real estate owned	—	—	2,743	2,743
Total assets measured at fair value on a nonrecurring basis as of September 30, 2024	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 132,246</u>	<u>\$ 132,246</u>
December 31, 2023				
Individually assessed loans:				
Commercial	\$ —	\$ —	\$ 2,475	\$ 2,475
Income producing - commercial real estate	—	—	41,038	41,038
Owner occupied - commercial real estate	—	—	19,880	19,880
Real estate mortgage - residential	—	—	1,638	1,638
Consumer	—	—	396	396
Home equity	—	—	242	242
Other real estate owned	—	—	1,108	1,108
Total assets measured at fair value on a nonrecurring basis as of December 31, 2023	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 66,777</u>	<u>\$ 66,777</u>

As shown in the table above, certain assets are measured at fair value on a nonrecurring basis in accordance with GAAP. Adjustments to the fair value of these assets usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets after they are evaluated for impairment. The primary assets accounted for at fair value on a nonrecurring basis are related to collateral-dependent loans that are individually assessed and other real estate owned. For the collateral-dependent loans and other real estate owned, the Company measures the fair value utilizing a market valuation approach, based on an appraisal conducted by an independent, licensed appraiser. Management may discount the value from the appraisal in determining the fair value if, based on its understanding of the market conditions, the collateral had been impaired below the appraised value (Level 3). For loans that are not collateral dependent, the Company uses an income approach, specifically, the discounted cash flow method. The continuing payments are discounted over the expected life at the loan's original contract rate and include adjustments for risk of default.

Fair Value of Financial Instruments

The Company discloses fair value information about financial instruments for which it is practicable to estimate the value, whether or not such financial instruments are recognized on the balance sheet. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by quoted market price, if one exists.

Quoted market prices, if available, are shown as estimates of fair value. Because no quoted market prices exist for a portion of the Company's financial instruments, the fair value of such instruments has been derived based on management's assumptions with respect to future economic conditions, the amount and timing of future cash flows and estimated discount rates. Different assumptions could significantly affect these estimates. Accordingly, the net realizable value could be materially different from the estimates presented below. In addition, the estimates are only indicative of individual financial instrument values, including in certain cases, the Company's estimation of exit pricing, and should not be considered an indication of the fair value of the Company taken as a whole.

The estimated fair value of the Company's financial instruments at September 30, 2024 and December 31, 2023 are as follows:

(dollars in thousands)	Fair Value Measurements					
	Carrying Value		Fair Value		Quoted Prices (Level 1)	
	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)				
September 30, 2024						
Assets						
Cash and due from banks	\$ 16,383	\$ 16,383	\$ 16,383	\$ 16,383	—	\$ 9,610
Federal funds sold	9,610	9,610	—	—	—	—
Interest-bearing deposits with other banks	584,491	584,491	—	—	584,491	—
Investment securities available-for-sale	1,433,006	1,433,006	—	—	1,433,006	—
Investment securities held-to-maturity	961,925	868,425	—	—	868,425	—
Federal Reserve and Federal Home Loan Bank stock	37,728	N/A	—	—	—	—
Loans	7,970,269	7,649,112	—	—	—	7,649,112
Bank owned life insurance	115,064	115,064	—	—	115,064	—
Annuity investment	12,636	12,636	—	—	12,636	—
Interest rate product	31,984	31,984	—	—	31,984	—
Accrued interest receivable	50,786	50,786	50,786	50,786	—	—
Liabilities						
Noninterest-bearing deposits	\$ 1,609,823	\$ 1,609,823	\$ 1,609,823	\$ 1,609,823	\$ 1,609,823	\$ 1,609,823
Interest-bearing deposits	4,220,119	4,220,119	—	—	4,220,119	—
Time deposits	2,710,908	2,727,075	—	—	2,727,075	—
Customer repurchase agreements	32,040	32,040	—	—	32,040	—
Other short-term borrowings	1,240,000	1,240,000	—	—	1,240,000	—
Long-term borrowings	75,812	82,399	—	—	—	82,399
Interest rate product	30,588	30,588	—	—	30,588	—
Accrued interest payable	51,875	51,875	51,875	51,875	—	—
December 31, 2023						
Assets						
Cash and due from banks	\$ 9,047	\$ 9,047	\$ 9,047	\$ 9,047	\$ 9,047	\$ 9,047
Federal funds sold	3,740	3,740	—	—	3,740	—
Interest-bearing deposits with other banks	709,897	709,897	—	—	709,897	—
Investment securities available-for-sale	1,506,388	1,506,388	—	—	1,506,388	—
Investment securities held-to-maturity	1,015,737	901,582	—	—	901,582	—
Federal Reserve and Federal Home Loan Bank stock	25,748	N/A	—	—	—	—
Loans	7,968,695	7,720,241	—	—	—	7,720,241
Bank owned life insurance	112,921	112,921	—	—	112,921	—
Annuity investment	13,112	13,112	—	—	13,112	—
Credit risk participation agreements	3	3	—	—	3	—
Interest rate product	30,662	30,662	—	—	30,662	—
Accrued interest receivable	53,337	53,337	53,337	53,337	—	—
Liabilities						
Noninterest-bearing deposits	\$ 2,279,081	\$ 2,279,081	\$ 2,279,081	\$ 2,279,081	\$ 2,279,081	\$ 2,279,081
Interest-bearing deposits	4,311,491	4,311,491	—	—	4,311,491	—
Time deposits	2,217,467	2,217,795	—	—	2,217,795	—
Customer repurchase agreements	30,587	30,587	—	—	30,587	—
Other short-term borrowings	1,369,918	1,368,621	—	—	1,368,621	—
Long-term borrowings	—	—	—	—	—	—
Interest rate product	30,555	30,555	—	—	30,555	—
Accrued interest payable	57,395	57,395	57,395	57,395	—	—

Note 13. Legal Contingencies

From time to time, the Company and its subsidiaries are involved in various legal proceedings incidental to their business in the ordinary course, including matters in which damages in various amounts are claimed, as well as regulatory and governmental investigations and inquiries that could result in penalties, fines or other sanctions against the Company. Based on information currently available, the Company does not believe that the liabilities (if any) resulting from such matters will have a material effect on the financial position of the Company. However, considering inherent uncertainties involved in such matters, ongoing legal expenses or an adverse outcome in one or more of these matters could materially and adversely affect the Company's financial condition, results of operations or cash flows in any particular reporting period, as well as its reputation.

Under ASC 450, the Company accrues for a loss contingency when the loss is probable and reasonably estimable. The Company discloses the matter if a material loss is at least reasonably possible. Under ASC 450, a loss contingency is "reasonably possible" if "the chance of the future event or events occurring is more than remote but less than likely", and a loss contingency is "remote" if "the chance of the future event or events occurring is slight."

The Company is cooperating with an ongoing investigation by the U.S. Attorney's Office for the Middle District of Pennsylvania into, among other things, the Company's anti-money laundering controls between approximately 2011 and 2017 and the Company's relationship with a former customer who pleaded guilty to a charge of bank fraud in 2020. Due to the inherent uncertainty in predicting the outcome of a pending investigation, we are unable to estimate reasonably possible losses, if any, resulting from this matter.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion provides information about the results of operations, financial condition, liquidity, and capital resources of Eagle Bancorp, Inc. and its subsidiaries (collectively, the "Company") as of the dates and periods indicated. The Company's primary subsidiary is EagleBank (the "Bank"), and the Company's other direct and indirect active subsidiaries are Bethesda Leasing, LLC, Eagle Insurance Services, LLC and Landroval Municipal Finance, Inc.

This discussion and analysis should be read in conjunction with the unaudited Consolidated Financial Statements and Notes thereto, appearing elsewhere in this report and the Management Discussion and Analysis in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Caution About Forward-Looking Statements. This report contains forward-looking statements. These forward-looking statements represent plans, estimates, objectives, goals, guidelines, expectations, intentions, projections and statements of our beliefs concerning future events, business plans, objectives, expected operating results and the assumptions upon which those statements are based. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements and are typically identified with words such as "may," "will," "can," "anticipates," "believes," "expects," "plans," "outlook," "estimates," "potential," "assume," "probable," "possible," "continue," "should," "could," "would," "seeks," "deem," "projections," "forecast," "consider," "indicative," "uncertainty," "likely," "unlikely," "likelihood," "unknown," "attributable," "depends," "intends," "generally," "feel," "typically," "judgment," "subjective" and similar words or phrases.

For details on factors that could affect these expectations, see the risk factors contained in this report and the risk factors and other cautionary language included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, and in other periodic and current reports filed by the Company with the Securities and Exchange Commission ("SEC"). These forward-looking statements are based largely on our expectations and are subject to a number of known and unknown risks and uncertainties that are subject to change based on factors which are, in many instances, beyond our control. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements. The Company's past results are not necessarily indicative of future performance, and nothing contained herein is meant to or should be considered and treated as earnings guidance of future quarters' performance projections. All information is as of the date of this report. Any forward-looking statements made by or on behalf of the Company speak only as to the date they are made. Except to the extent required by applicable law or regulation, the Company undertakes no obligation to revise or update publicly any forward-looking statement for any reason.

GENERAL

The Company is a growth-oriented, one-bank holding company headquartered in Bethesda, Maryland, which is currently celebrating twenty-five years of successful operations. The Company provides general commercial and consumer banking services through the Bank, its wholly owned banking subsidiary, a Maryland chartered bank which is a member of the Federal Reserve System ("Federal Reserve Board," "Federal Reserve" or "FRB").

The Company was organized in October 1997, to be the holding company for the Bank. The Bank was organized in 1998 as an independent, community oriented, full-service banking alternative to the super regional financial institutions that dominate the Company's primary market area. The Company's philosophy is to provide superior, personalized service to its customers. The Company focuses on relationship banking, providing each customer with a number of services and becoming familiar with and addressing customer needs in a proactive, personalized fashion. The Bank currently has a total of twelve branch offices, including six in Suburban Maryland, three in Northern Virginia, and three in Washington, D.C. The Bank also operates four lending offices, with two in Suburban Maryland, one in Northern Virginia, and one in Washington, D.C.

The Bank offers a broad range of commercial banking services to its business and professional clients, as well as full-service consumer banking services to individuals living and/or working primarily in the Bank's market area. The Bank emphasizes providing commercial banking services to sole proprietors, small and medium-sized businesses, non-profit organizations and associations, and investors living and working in and near the primary service area. These services include the usual deposit functions of commercial banks, including business and personal checking accounts, "NOW" accounts and money market and savings accounts, business, construction, and commercial loans, consumer loans, and cash management services. The Bank is also active in the origination of Small Business Administration ("SBA") loans.

The Bank generally sells the guaranteed portion of the SBA loans in a transaction apart from the loan origination generating noninterest income from the gains on sale, as well as servicing income on the portion participated. The Company originates multifamily Federal Housing Administration ("FHA") loans through the Department of Housing and Urban Development's Multifamily Accelerated Program ("MAP"). The Company securitizes these loans through the Government National Mortgage Association ("Ginnie Mae") MBS I program and shortly thereafter sells the resulting securities in the open market to authorized dealers in the normal course of business, and periodically bundles and sells the servicing rights. Bethesda Leasing, LLC, a subsidiary of the Bank, holds title to and manages other real estate owned ("OREO") assets. Landroval Municipal Finance, Inc., a subsidiary of the Bank, focuses on lending to municipalities by buying debt on the public market as well as direct purchase issuance.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and follow general practices within the banking industry. Application of these principles requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions and judgments are based on information available as of the date of the Consolidated Financial Statements; accordingly, as this information changes, the Consolidated Financial Statements could reflect different estimates, assumptions, and judgments. Certain policies inherently have a greater reliance on the use of estimates, assumptions and judgments and, as such, have a greater possibility of producing results that could be materially different than originally reported. Estimates, assumptions, and judgments are necessary when assets and liabilities are required to be recorded at fair value, when a decline in the value of an asset not carried on the financial statements at fair value warrants an impairment write-down or a valuation reserve to be established, or when an asset or liability needs to be recorded contingent upon a future event. Carrying assets and liabilities at fair value inherently results in more financial statement volatility. The Company applies the accounting policies contained in Note 1 to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 and Note 1 to the Consolidated Financial Statements included in this report. There have been no significant changes to the Company's accounting policies as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 except as indicated in "Accounting Standards Adopted in 2024" in Note 1 to the Consolidated Financial Statements in this report.

Allowance for Credit Losses on Loans and Reserve for Unfunded Commitments

A consequence of lending activities is that we may incur credit losses, so we record an allowance for credit losses ("ACL") with respect to loan receivables and a reserve for unfunded commitments ("RUC") as estimates of those losses. The amount of the ACL on loans is based on management's assessment of current expected credit losses ("CECL") in the portfolio.

The amount of such losses will vary depending upon the risk characteristics of the loan portfolio as affected by economic conditions such as changes in interest rates, the financial performance of borrowers and regional unemployment rates, which management estimates by using a national forecast and estimating a regional adjustment based on historical differences between the two.

Management has significant discretion in making the judgments inherent in the determination of the provisions for credit loss, ACL and the RUC. Our determination of these amounts requires significant reliance on estimates and significant judgment as to the amount and timing of expected future cash flows on loans, significant reliance on historical loss rates on homogenous portfolios, consideration of our quantitative and qualitative evaluation of economic factors and the reliance on our reasonable and supportable forecasts.

We estimate the ACL on loans using a quantitative model that uses a probability of default ("PD") / loss given default ("LGD") cash flow method with an exposure at default ("EAD") model to estimate expected credit losses for its loan segments. The modeling of expected prepayment speeds is based on historical internal data and adjustments to account for loan-specific risk characteristics after pooling our loan portfolio based on similar risk characteristics.

The Company uses regression analysis of historical internal and peer data provided by a third-party service provider (as Company loss data is insufficient) to determine suitable loss drivers to utilize when modeling lifetime PD and LGD. This analysis also determines how expected PD will react to forecasted levels of the loss drivers. During the three months ended March 31, 2024, management enhanced the cash flow model to incorporate three additional macroeconomic variables. The four economic variables selected, national unemployment (original variable used), Commercial Real Estate ("CRE") Price Index, House Price Index and Gross Domestic Product ("GDP"), are incorporated by utilizing a Loss Driver Analysis approach that factors in historical losses, including during the Great Recession, of regional peer banks and the Bank. The updated model incorporates a weighting of three economic scenarios; baseline, upside and downside. The scenarios cover the four economic forecast variables, with each segment of the portfolio linked to two of these variables, depending on the segment. The loss driver analysis is spread over a reasonable and supportable period of 18 months and reverts back to a historical loss rate over twelve months on a straight-line basis over the loan's remaining maturity. Management leverages economic projections from reputable and independent third parties to inform its loss driver forecasts over the forecast period.

Loans that have evidence of credit deterioration are excluded from the loan segments subject to the quantitative model above and are individually assessed.

The RUC represents the expected credit losses on off-balance sheet commitments such as unfunded commitments to extend credit and standby letters of credit. The RUC is determined by estimating future draws and applying the expected loss rates on those draws.

The ACL also includes an amount for inherent risks not reflected in the historical analyses. Relevant factors include, but are not limited to, concentrations of credit risk, changes in underwriting standards, experience and depth of lending staff and trends in delinquencies. While our methodology in establishing the reserve for credit losses attributes portions of the ACL and RUC to the commercial and consumer portfolio segments, the entire ACL and RUC is available to absorb credit losses expected in the total loan portfolio and total amount of unfunded credit commitments, respectively. Our model may reflect assumptions by management that are not covered by the qualitative and environmental factors, and we reevaluate all of its factors quarterly.

Management has developed an analytical process to monitor the adequacy of the ACL. Our methodology for determining our ACL was developed utilizing, among other factors, the guidance from federal banking regulatory agencies and relevant available information from internal and external sources and relating to past events, current conditions and reasonable and supportable forecasts. The process is being continually enhanced and refined based on periodic reviews. Material changes to these and other relevant factors may result in greater volatility to the reserve for credit losses, and therefore, greater volatility to our reported earnings. For example, the effects of the COVID-19 pandemic and related hybrid or fully remote working environment has negatively impacted the performance outlook in the central business district office CRE segment of our loan portfolio, which informed our CECL economic forecast and continued to adversely impact our loss reserve as of September 30, 2024. Refer to the "Provision for Credit Losses" and "Allowance for Credit Losses" of Management's Discussion and Analysis of Financial Condition and Results of Operations for more information on the provision for credit losses and ACL for the loan portfolio.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is subject to impairment testing, which must be conducted at least annually or upon the occurrence of a triggering event. Various factors, such as the Company's results of operations, the trading price of the Company's common stock relative to the book value per share, macroeconomic conditions and conditions in the banking sector, inform whether a triggering event for an interim goodwill impairment test has occurred. Goodwill is recorded and evaluated for impairment at its reporting unit, the Company. The Company's policy is to test goodwill for impairment annually as of December 31, or on an interim basis if an event triggering an impairment assessment is determined to have occurred.

Testing of goodwill impairment comprises a two-step process. First, the Company performs a qualitative assessment to evaluate relevant events or circumstances to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company determines that it is more likely than not that an impairment has occurred, it proceeds to the quantitative impairment test, whereby it calculates the fair value of the reporting unit and compares it with its carrying amount, including goodwill. In its performance of impairment testing, the Company has the unconditional option to proceed directly to the quantitative impairment test, bypassing the qualitative assessment. If the carrying amount of the reporting unit exceeds the fair value, the amount by which the carrying amount exceeds fair value, up to the carrying value of goodwill, is recorded through earnings as an impairment charge. If the results of the qualitative assessment indicate that it is not more likely than not that an impairment has occurred, or if the quantitative impairment test results in a fair value of the reporting unit that is greater than the carrying amount, then no impairment charge is recorded.

During the second quarter ended June 30, 2024, Management determined that a triggering event had occurred as a result of the share price trading under book value for more than four quarters due to changes in macroeconomic conditions and market volatility in the financial markets and the banking industry due to the impact from rising interest rates which resulted in fluctuations of the Company's stock price with a sustained decrease. As a result of the triggering event, the Company engaged a third-party service provider to assist Management with the determination of the fair value of the Company in the second quarter of 2024. The resulting calculations indicated that the fair value did not exceed the carrying amount of the Company's only reporting unit as of May 31, 2024 which resulted in a determination that goodwill had become fully impaired. The goodwill impairment charge of \$104.2 million reduced fully the carrying value of the Company's goodwill as of May 31, 2024. The impaired goodwill is primarily related to the acquisition of the Virginia Heritage Bank in October 2014. The impairment charge did not impact our cash flows, liquidity ratios, core operating performance, or regulatory capital ratios.

The method employed to determine the fair value of the reporting unit was a combination of a risk-weighted income and market valuation methodologies, comprised of the discounted cash flow method, the guideline public company method and the guideline transaction method.

Significant judgment is necessary in the determination of the fair value of a reporting unit. The income valuation methodology requires an estimation of future cash flows, considering the after-tax results of operations, the extent and timing of credit losses, and appropriate discount and growth rates. Actual future cash flows may differ from forecasted results based on the assumptions used.

In performing the discounted cash flow analysis, the Company utilized multi-year cash projections that rely on internal forecasts of loan and deposit growth, bond mix, financing composition, market pricing of securities, credit performance, forward interest rates, future returns driven by net interest margin, fee generation and expense incurrence, industry and economic trends, and other relevant considerations. The long-term growth rate used in the calculation of fair value was derived from published projections of the inflation rate and GDP, along with Management estimates.

The discount rate was calculated as the cost of equity capital using the modified capital asset pricing model, which includes variables including the risk-free interest rate, beta, equity risk premium, size premium, and company-specific risk premium.

The market approach considers a combination of price to tangible book value and price to earnings, adjusted based on companies similar to the reporting unit and adjusted for selected multiples, along with a control premium based on a review of transactions in the banking industry in order to calculate the indicated value of the Company's equity on a control, marketable basis.

RESULTS OF OPERATIONS

Earnings Summary

Three Months Ended September 30, 2024 vs. Three Months Ended September 30, 2023

Net income for the three months ended September 30, 2024 was \$21.8 million as compared to net income of \$27.4 million for the same period in 2023, a \$5.6 million decrease. This decrease was primarily due to an increase in provision for credit losses of \$4.5 million and an increase in noninterest expense of \$6.0 million, partially offset by a reduction of income tax expense of \$2.3 million. The increase in the provision was due to an updated scoring of qualitative factors and an increase in the provision attributable to the reserve on the performing CRE office portfolio. The increase in noninterest expense was due to higher FDIC insurance fees. The reduction in income tax expense was due to lower pre-tax income period over period.

Total revenue (i.e. net interest income plus noninterest income) was \$78.8 million for the three months ended September 30, 2024 as compared to \$77.1 million for the same period in 2023. The most significant portion of revenue is net interest income, which was \$71.8 million for the three months ended September 30, 2024, compared to \$70.7 million for the same period in 2023, and was the primary driver for higher total revenue period over period. Refer to the "Net Interest Income and Net Interest Margin" section below for additional details.

When the impact of the provision is excluded, pre-provision net revenue ("PPNR"), a non-GAAP measure, was \$35.2 million for the three months ended September 30, 2024, as compared to \$39.4 million for the same period in 2023. The \$4.2 million decrease was primarily due to an increase in noninterest expenses driven by higher FDIC insurance fees, partially offset by higher net interest income as discussed in the "Net Interest Income and Net Interest Margin" below. Refer to the "Use of Non-GAAP Financial Measures" section for additional detail and a reconciliation of GAAP to non-GAAP financial measures.

The net interest margin, which measures the difference between interest income and interest expense (i.e. net interest income) as a percentage of earning assets, was 2.37% for the three months ended September 30, 2024 and 2.43% for the same period in 2023. The drivers of the change are detailed in the "Net Interest Income and Net Interest Margin" section below.

Total noninterest income for the three months ended September 30, 2024 increased to \$7.0 million from \$6.3 million for the same period in 2023, a 9.5% increase. For further information on the components and drivers of these changes, see the "Noninterest Income" section below.

Noninterest expense totaled \$43.6 million for the three months ended September 30, 2024, as compared to \$37.6 million for same period in 2023, a \$6.0 million increase. The increase in noninterest expense was primarily due to higher FDIC insurance fees. Additional details on other noninterest expenses are provided in "Noninterest Expense" section below.

The efficiency ratio was 55.4% for the three months ended September 30, 2024, as compared to 48.8% for the same period in 2023. The adverse change in the efficiency ratio was primarily driven by an increase in noninterest expenses due to higher FDIC insurance fees.

For the three months ended September 30, 2024 and 2023, the Company had average assets of \$12.4 billion and \$11.9 billion, respectively, the increase in which was primarily attributable to an increase in average interest-bearing deposits with other banks and other short-term investments over the comparative period. For the three months ended September 30, 2024 and 2023, the Company had average common equity of \$1.2 billion and \$1.2 billion, respectively. For the three months ended September 30, 2024 and 2023, the Company had average tangible common equity, a non-GAAP measure, of \$1.2 billion and \$1.1 billion, respectively. Refer to the "Use of Non-GAAP Financial Measures" section for additional detail and a reconciliation of GAAP to non-GAAP financial measures.

For the three months ended September 30, 2024, the Company reported an annualized return on average assets ("ROAA") of 0.7%, as compared to 0.9% for the same period in 2023. The annualized return on average common equity ("ROACE") for the three months ended September 30, 2024 was 7.2% as compared to 8.8% for the same period in 2023. The annualized return on average tangible common equity ("ROATCE") for the three months ended September 30, 2024 was 7.2% as compared to 9.6% for the same period in 2023. The adverse change in returns was primarily attributable to the reduction in net income. Refer to the "Use of Non-GAAP Financial Measures" section for additional detail and a reconciliation of GAAP to non-GAAP financial measures.

RESULTS OF OPERATIONS

Earnings Summary

Nine Months Ended September 30, 2024 vs. Nine Months Ended September 30, 2023

Net loss for the nine months ended September 30, 2024 was \$62.3 million, as compared to net income of \$80.3 million for the same period in 2023, a decrease of \$142.6 million. This decrease was primarily attributable to the recognition of goodwill impairment of \$104.2 million in the second quarter of 2024 and an increase in provision for credit losses of \$37.2 million, partially offset by a reduction of income tax expenses of \$10.0 million. For more information on the drivers and the components of these changes, see the "Provision for Credit Losses" and "Income Tax Expenses" sections below.

When the impact of the provision and goodwill impairment are excluded, operating pre-provision net revenue ("PPNR"), a non-GAAP measure, was \$107.8 million for the nine months ended September 30, 2024, as compared to \$120.0 million for the same period in 2023. The \$12.2 million decrease was primarily due to an increase in noninterest expenses driven by higher FDIC insurance fees. Refer to the "Use of Non-GAAP Financial Measures" section for additional detail and a reconciliation of GAAP to non-GAAP financial measures.

Total revenue (i.e. net interest income plus noninterest income) was \$233.8 million for the nine months ended September 30, 2024, as compared to \$236.2 million for the same period in 2023.

The net interest margin, which measures the difference between interest income and interest expense (i.e. net interest income) as a percentage of earning assets, was 2.40% for the nine months ended September 30, 2024 and 2.56% for the same period in 2023. The drivers of the change are detailed in the "Net Interest Income and Net Interest Margin" section below.

Total noninterest income for the nine months ended September 30, 2024 decreased to \$15.9 million from \$18.6 million for the same period in 2023, a 14.9% decrease. For further information on the components and drivers of these changes, see the "Noninterest Income" section below.

The efficiency ratio, inclusive of the goodwill impairment charge, was 98.43% for the nine months ended September 30, 2024 as compared to 49.19% for the same period in 2023. Excluding the goodwill impairment charge, the operating efficiency ratio (non-GAAP) was 53.87%. Refer to the "Use of Non-GAAP Financial Measures" section for additional detail and a reconciliation of GAAP to non-GAAP financial measures.

For the nine months ended September 30, 2024 and 2023, the Company had average assets of \$12.5 billion and \$11.8 billion, respectively, the increase in which was primarily attributable to an increase in average interest-bearing deposits with other banks and other short-term investments over the comparative period. For the nine months ended September 30, 2024 and 2023, the Company had average common equity of \$1.3 billion and \$1.2 billion, respectively. For the nine months ended September 30, 2024 and 2023, the Company had average tangible common equity, a non-GAAP measure, of \$1.2 billion and \$1.1 billion, respectively. Refer to the "Use of Non-GAAP Financial Measures" section for additional detail and a reconciliation of GAAP to non-GAAP financial measures.

For the nine months ended September 30, 2024, the Company reported an annualized ROAA, inclusive of the goodwill impairment charge, of (0.67)%, as compared to 0.91% for the same period in 2023. The annualized ROACE for the nine months ended September 30, 2024 was (6.65)% as compared to 8.66% for the same period in 2023. The annualized ROATCE, a non-GAAP measure, for the nine months ended September 30, 2024 was (7.0)% as compared to 9.45% for the same period in 2023. The adverse change in returns was primarily attributable to the recognition of goodwill impairment of \$104.2 million in 2024. Excluding the goodwill impairment charge, operating annualized ROAA (non-GAAP) in 2024 was 0.45%, operating annualized return on common equity (non-GAAP) was 4.47%, and operating annualized return on tangible common equity (non-GAAP) was 4.72%. Refer to the "Use of Non-GAAP Financial Measures" section for additional detail and a reconciliation of GAAP to non-GAAP financial measures.

Net Interest Income and Net Interest Margin

Net interest income is the difference between interest income on earning assets and the cost of funds supporting those assets. Earning assets are composed primarily of loans, investment securities, and interest bearing deposits with other banks and other short-term investments. The cost of funds includes interest expense on deposits, customer repurchase agreements and other borrowings, which consist primarily of federal funds purchased, advances from secured financing arrangements, including the Federal Home Loan Bank of Atlanta ("FHLB") and the Federal Reserve's Bank Term Funding Program ("BTFP") and Discount Window, and subordinated notes. Noninterest bearing deposits and capital are other components representing funding sources. Changes in the volume and mix of assets and funding sources, along with the changes in yields earned and rates paid, determine changes in net interest income.

Net interest income was \$71.8 million for the three months ended September 30, 2024, as compared to \$70.7 million for the same period in 2023. Net interest income increased for the three months ended September 30, 2024 primarily due to an increase in average loan balances (\$8.0 billion compared to \$7.8 billion) and yields increased from 6.73% to 6.93%. Additionally, average balances for interest bearing deposits with other banks increased from \$1.1 billion to \$1.6 billion. These increases were offset by higher average balances in total interest bearing deposits from \$6.7 billion to \$7.4 billion.

The net interest margin decreased by 6 basis points in the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, (from 2.43% to 2.37%). The yield on earning assets increased by 19 basis points (from 5.54% to 5.73%) while cost of funds increased 30 basis points (from 3.39% to 3.69%). Average loans were \$8.0 billion for the three months ended September 30, 2024 compared to \$7.8 billion for the same period in 2023. Additionally, average short-term borrowings were unchanged at \$1.6 billion for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. Overall yields on interest earning assets moved higher during the three months ended September 30, 2024 as compared to the same period in 2023, as variable rate loans adjusted upwards. Additionally, rates on interest bearing liabilities moved higher during the three months ended September 30, 2024 as compared to the same period in 2023, as funding costs increased.

Net interest income was \$217.9 million for the nine months ended September 30, 2024, as compared to \$217.6 million for the same period in 2023. Net interest income increased for the nine months ended September 30, 2024 primarily due to higher average loan balances (\$8.0 billion compared to \$7.8 billion) and yields (6.93% compared to 6.58%) as compared to September 30, 2023. This was partially offset by increases in average deposit rates (4.32% compared to 4.03%), increases in interest bearing deposits (\$7.3 billion vs \$6.0 billion) and increases in other borrowing rates (4.94% compared to 4.83%) for the nine months ended September 30, 2024 as compared to the same period in 2023.

The net interest margin decreased by 16 basis points in the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 (from 2.56% to 2.40%). The yield on earning assets increased by 33 basis points (from 5.39% to 5.72%) while cost of funds increased 55 basis points (from 3.08% to 3.63%). Overall yields on interest earning assets moved higher during the nine months ended September 30, 2024 as compared to the same period in 2023, as variable rate loans adjusted upwards. Additionally, rates on interest bearing liabilities moved higher during the nine months ended September 30, 2024 as compared to the same period in 2023, as funding costs increased due to a combination of interest rates and mix of funding sources utilized.

Average loans increased to \$8.0 billion for the nine months ended September 30, 2024 compared to \$7.8 billion for the same period in 2023. Average interest bearing deposits increased to \$7.3 billion for the nine months ended September 30, 2024 from \$6.0 billion for the nine months ended September 30, 2023, while average noninterest bearing demand deposits decreased to \$2.0 billion for the nine months ended September 30, 2024 from \$2.8 billion for the nine months ended September 30, 2023. Additionally, average short-term borrowings remained unchanged at \$1.7 billion for the nine months ended September 30, 2024 and 2023.

The tables below present the average balances and rates of the major categories of the Company's assets and liabilities for the three and nine months ended September 30, 2024 and 2023. Included in the tables are measurements of interest rate spread and margin. Interest rate spread is the difference (expressed as a percentage) between the interest rate earned on earning assets less the interest rate paid on interest bearing liabilities. While the interest rate spread provides a quick comparison of earnings rates versus cost of funds, management believes that margin, together with net interest income, provides a better measurement of performance. The net interest margin (as compared to net interest spread) includes the effect of noninterest bearing sources in its calculation. Net interest margin is net interest income expressed as a percentage of average earning assets.

Eagle Bancorp, Inc.
Consolidated Average Balances, Interest Yields and Rates (Unaudited)
(dollars in thousands)

	Three Months Ended September 30,					
	2024		2023			
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
ASSETS						
Interest earning assets:						
Interest bearing deposits with other banks and other short-term investments	\$ 1,577,464	\$ 21,296	5.37 %	\$ 1,127,451	\$ 15,067	5.30 %
Loans held for sale ⁽¹⁾	4,936	1	0.08 %	—	—	— %
Loans ^{(1) (2)}	8,026,524	139,835	6.93 %	7,795,144	132,273	6.73 %
Investment securities available-for-sale ⁽²⁾	1,479,598	7,336	1.97 %	1,554,348	8,126	2.07 %
Investment securities held-to-maturity ⁽²⁾	974,366	5,242	2.14 %	1,047,515	5,606	2.12 %
Federal funds sold	10,003	103	4.10 %	7,728	77	3.95 %
Total interest earning assets	<u>12,072,891</u>	<u>173,813</u>	5.73 %	<u>11,532,186</u>	<u>161,149</u>	5.54 %
Total noninterest earning assets	397,006			489,683		
Less: allowance for credit losses	(108,998)			(78,964)		
Total noninterest earning assets	288,008			410,719		
TOTAL ASSETS	<u>\$ 12,360,899</u>			<u>\$ 11,942,905</u>		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest bearing liabilities:						
Interest bearing transaction	\$ 1,656,676	\$ 14,596	3.51 %	\$ 1,421,522	\$ 12,785	3.57 %
Savings and money market	3,254,128	34,896	4.27 %	3,113,755	32,855	4.19 %
Time deposits	2,517,944	31,698	5.01 %	2,162,582	25,289	4.64 %
Total interest bearing deposits	<u>7,428,748</u>	<u>81,190</u>	4.35 %	<u>6,697,859</u>	<u>70,929</u>	4.20 %
Customer repurchase agreements	38,045	332	3.47 %	36,082	311	3.42 %
Other short-term borrowings	1,615,867	20,448	5.03 %	1,610,097	19,190	4.73 %
Long-term borrowings	824	—	— %	—	—	— %
Total interest bearing liabilities	<u>9,083,484</u>	<u>101,970</u>	4.47 %	<u>8,344,038</u>	<u>90,430</u>	4.30 %
Noninterest bearing liabilities:						
Noninterest bearing demand	1,915,666			2,248,782		
Other liabilities	<u>160,272</u>			<u>114,923</u>		
Total noninterest bearing liabilities	<u>2,075,938</u>			<u>2,363,705</u>		
Shareholders' Equity	1,201,477			1,235,162		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 12,360,899</u>			<u>\$ 11,942,905</u>		
Net interest income	\$ 71,843			\$ 70,719		
Net interest spread			1.26 %			1.24 %
Net interest margin			2.37 %			2.43 %
Cost of funds			3.69 %			3.39 %

(1) Loans placed on nonaccrual status are included in average balances. Net loan fees and late charges included in interest income on loans totaled \$3.9 million and \$4.1 million for the three months ended September 30, 2024 and 2023, respectively.

(2) Interest and fees on loans and investments exclude tax equivalent adjustments.

Eagle Bancorp, Inc.
Consolidated Average Balances, Interest Yields and Rates (Unaudited)
(dollars in thousands)

	Nine Months Ended September 30,					
	2024		2023			
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
ASSETS						
Interest earning assets:						
Interest bearing deposits with other banks and other short-term investments	\$ 1,624,575	\$ 65,726	5.40 %	\$ 905,414	\$ 34,070	5.03 %
Loans held for sale ⁽¹⁾	4,329	101	3.12 %	1,620	73	6.02 %
Loans ^{(1) (2)}	8,006,298	415,345	6.93 %	7,766,212	382,043	6.58 %
Investment securities available for sale ⁽²⁾	1,491,608	21,631	1.94 %	1,613,257	24,463	2.03 %
Investment securities held-to-maturity ⁽²⁾	993,553	16,032	2.16 %	1,067,628	17,055	2.14 %
Federal funds sold	10,037	311	4.14 %	9,392	202	2.88 %
Total interest earning assets	12,130,400	519,146	5.72 %	11,363,523	457,906	5.39 %
Total noninterest earning assets	471,966			492,069		
Less: allowance for credit losses	(100,592)			(77,342)		
Total noninterest earning assets	371,374			414,727		
TOTAL ASSETS	\$ 12,501,774			\$ 11,778,250		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest bearing liabilities:						
Interest bearing transaction	\$ 1,708,797	\$ 47,526	3.72 %	\$ 1,173,823	\$ 29,533	3.36 %
Savings and money market	3,332,552	104,277	4.18 %	3,135,300	96,990	4.14 %
Time deposits	2,307,756	85,616	4.96 %	1,642,805	52,782	4.30 %
Total interest bearing deposits	7,349,105	237,419	4.32 %	5,951,928	179,305	4.03 %
Customer repurchase agreements	37,578	977	3.47 %	38,473	946	3.29 %
Other short-term borrowings	1,698,170	62,856	4.94 %	1,665,293	60,101	4.83 %
Long-term borrowings	277	—	— %	—	—	— %
Total interest bearing liabilities	9,085,130	301,252	4.43 %	7,655,694	240,352	4.20 %
Noninterest bearing liabilities:						
Noninterest bearing demand	2,007,963			2,784,396		
Other liabilities	157,277			97,586		
Total noninterest bearing liabilities	2,165,240			2,881,982		
Shareholders' Equity	1,251,404			1,240,574		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 12,501,774			\$ 11,778,250		
Net interest income	\$ 217,894			\$ 217,554		
Net interest spread			1.29 %			1.19 %
Net interest margin			2.40 %			2.56 %
Cost of funds			3.63 %			3.08 %

(1) Loans placed on nonaccrual status are included in average balances. Net loan fees and late charges included in interest income on loans totaled \$12.9 million and \$12.0 million for the nine months ended September 30, 2024 and 2023, respectively.

(2) Interest and fees on loans and investments exclude tax equivalent adjustments.

Rate/Volume Analysis of Net Interest Income

The rate/volume tables below present the composition of the change in net interest income for the period indicated, as allocated between the change in net interest income due to changes in the volume of average earning assets and interest bearing liabilities, and the changes in net interest income due to changes in interest rates.

(dollars in thousands)	Three Months Ended September 30, 2024 compared with the Three Months Ended September 30, 2023		
	Change Due to Volume	Change Due to Rate	Total Increase (Decrease)
Interest earned on			
Loans	\$ 3,926	\$ 3,636	\$
Loans held for sale	1	—	
Investment securities available-for-sale	(391)	(399)	
Investment securities held-to-maturity	(391)	27	
Interest bearing bank deposits	6,014	215	
Federal funds sold	23	3	
Total interest income	9,182	3,482	1
Interest paid on			
Interest bearing transaction	2,115	(304)	
Savings and money market	1,481	560	
Time deposits	4,156	2,253	
Customer repurchase agreements	17	4	
Other borrowings	69	1,189	
Total interest expense	7,838	3,702	1
Net interest income	\$ 1,344	\$ (220)	\$

(dollars in thousands)	Nine Months Ended September 30, 2024 compared with the Nine Months Ended September 30, 2023		
	Change Due to Volume	Change Due to Rate	Total Increase (Decrease)
Interest earned on			
Loans	\$ 11,811	\$ 21,491	\$ 33,302
Loans held for sale	122	(94)	28
Investment securities available-for-sale	(1,845)	(987)	(2,832)
Investment securities held-to-maturity	(1,183)	160	(1,023)
Interest bearing bank deposits	27,061	4,595	31,656
Federal funds sold	14	95	109
Total interest income	35,980	25,260	61,240
Interest paid on			
Interest bearing transaction	13,460	4,533	17,993
Savings and money market	6,102	1,185	7,287
Time deposits	21,364	11,470	32,834
Customer repurchase agreements	(22)	53	31
Other borrowings	1,187	1,568	2,755
Total interest expense	42,091	18,809	60,900
Net interest income	\$ (6,111)	\$ 6,451	\$ 340

Provision for Credit Losses

The provision for credit losses represents the amount of expense charged to current earnings to record the ACL on loans and the ACL on available-for-sale and held-to-maturity investment securities. The amount of the ACL on loans is based on management's assessment of CECL in the portfolio. Those factors include historical losses based on internal and peer data, economic conditions and trends, the value and adequacy of collateral, volume and mix of the portfolio, performance of the portfolio, and internal loan processes of the Company.

The provision for credit losses for unfunded commitments is presented separately on the Consolidated Statements of Operations. This provision considers the probability that unfunded commitments will fund among other factors.

Refer to the discussion under "Critical Accounting Policies and Estimates" in Management's Discussion and Analysis of Financial Condition and Results of Operations above and in Note 1 to the Consolidated Financial Statements in "Item 1 - Financial Information" for an overview of the methodology management employs on a quarterly basis to assess the adequacy of the ACL and the provisions charged to expense. Also, refer to the table in the "Allowance for Credit Losses" section in Management's Discussion and Analysis of Financial Condition and Results of Operations, which reflects activity in the ACL.

During the three months ended September 30, 2024, the Company recorded a provision for credit losses of \$10.9 million on its loan portfolio and incurred \$5.3 million in net charge-offs to its ACL. The provision for credit losses on loans for the same period in 2023 was \$5.6 million and there were \$340 thousand of net charge-offs in its ACL. During the nine months ended September 30, 2024, the Company recorded a provision for credit losses of \$54.9 million and net charge-offs of \$29.0 million on its loan portfolio. The provision for credit losses on loans for the same period in 2023 was \$15.8 million and there were \$6.9 million of net charge-offs in its ACL.

The change in provision for credit losses during the three and nine months ended September 30, 2024, was primarily attributable to the following factors: 1) changes in the qualitative component of the model relating to CRE office properties; 2) enhancements to the quantitative model during Q1 to include additional economic factors; and, 3) specific reserves on individually evaluated non-performing loans. Additionally, the change in provision for credit losses during the nine months ended September 30, 2024, was also impacted by the partial charge off of a CRE office relationship after an updated valuation was received in the first quarter 2024.

The provision for credit losses for the held-to-maturity securities portfolio was recorded primarily on several corporate bonds. During the three months ended September 30, 2024 and 2023, there was a reversal of provision for credit losses of \$775 thousand and a provision expense of \$1 thousand, respectively, for the held-to-maturity securities portfolios. During the nine months ended September 30, 2024 and 2023, there was a reversal of provision for credit losses of \$719 thousand and a provision expense of \$1.2 million, respectively, for the held-to-maturity securities portfolios. There was no provision for credit losses on the available-for-sale securities portfolio for the three and nine months ended September 30, 2024 and 2023.

The provision for unfunded commitments is presented separately on the Consolidated Statements of Operations. This provision considers the probability that unfunded commitments will fund. During the three months ended September 30, 2024 and 2023, a reversal of provision of \$1.6 million and \$839 thousand, respectively, were recorded for unfunded commitments. During the nine months ended September 30, 2024 and 2023, a provision reversal of \$529 thousand and provision expense of \$327 thousand, respectively, were recorded for unfunded commitments.

Noninterest Income

Noninterest income includes service charges on deposits, gain on sale of loans, gains and losses on sale of investment securities, income from bank owned life insurance ("BOLI") and other income. The following table summarizes the comparative noninterest income for the three and nine months ended September 30, 2024 and 2023:

(dollars in thousands)	Three Months Ended September 30,		Dollar Change	Percent Change
	2024	2023		
Service charges on deposits	\$ 1,747	\$ 1,631	\$ 116	7 %
Gain (loss) on sale of loans	20	(5)	25	(500)%
Net gain on sale of investment securities	3	5	(2)	(40)%
Increase in the cash surrender value of bank-owned life insurance	731	669	62	9 %
Other income	4,450	4,047	403	10 %
Total	\$ 6,951	\$ 6,347	\$ 604	10 %

(dollars in thousands)	Nine Months Ended September 30,		Dollar Change	Percent Change
	2024	2023		
Service charges on deposits	\$ 5,099	\$ 4,767	\$ 332	7 %
Gain on sale of loans	57	395	(338)	(86)%
Net gain (loss) on sale of investment securities	10	(14)	24	(171)%
Increase in the cash surrender value of bank-owned life insurance	2,143	1,972	171	9 %
Other income	8,563	11,522	(2,959)	(26)%
Total	\$ 15,872	\$ 18,642	\$ (2,770)	(15)%

Total noninterest income for the three months ended September 30, 2024 increased to \$7.0 million from \$6.3 million for the three months ended September 30, 2023. The increase was primarily driven by gains on the sale of mortgage servicing rights and higher swap fee income.

Total noninterest income for the nine months ended September 30, 2024 decreased to \$15.9 million from \$18.6 million for the nine months ended September 30, 2023. The decrease was primarily based on the prior year period nonrecurring items including income from Small Business Investment Companies ("SBIC") fund and swap fees.

Noninterest Expense

Total noninterest expense includes salaries and employee benefits, premises and equipment expenses, marketing and advertising, data processing, legal, accounting and professional, Federal Deposit Insurance Corporation ("FDIC") insurance assessments, and other expenses. The following table summarizes the comparative noninterest expense for the three and nine months ended September 30, 2024 and 2023:

(dollars in thousands)	Three Months Ended September 30,		Dollar Change	Percent Change
	2024	2023		
Salaries and employee benefits	\$ 21,675	\$ 21,549	\$ 126	1 %
Premises and equipment expenses	2,794	3,095	(301)	(10)%
Marketing and advertising	1,588	768	820	107 %
Data processing	3,435	3,194	241	8 %
Legal, accounting and professional fees	3,433	2,162	1,271	59 %
FDIC insurance	7,399	3,342	4,057	121 %
Other expenses	3,290	3,523	(233)	(7)%
Total	\$ 43,614	\$ 37,633	\$ 5,981	16 %

(dollars in thousands)	Nine Months Ended September 30,		Dollar Change	Percent Change
	2024	2023		
Salaries and employee benefits	\$ 65,171	\$ 67,680	\$ (2,509)	(4) %
Premises and equipment expenses	8,747	9,639	(892)	(9) %
Marketing and advertising	4,109	2,288	1,821	80 %
Data processing	10,223	9,647	576	6 %
Legal, accounting and professional fees	8,645	8,065	580	7 %
FDIC insurance	19,728	7,409	12,319	166 %
Goodwill impairment	104,168	—	104,168	— %
Other expenses	9,311	11,467	(2,156)	(19) %
Total	\$ 230,102	\$ 116,195	\$ 113,907	98 %

Total noninterest expense was \$43.6 million for the three months ended September 30, 2024, as compared to \$37.6 million for the three months ended September 30, 2023, a 15.9% increase. The increase for the three months ended September 30, 2024 was primarily due to increases in FDIC deposit insurance assessments.

Total noninterest expense was \$230.1 million for the nine months ended September 30, 2024, as compared to \$116.2 million for the nine months ended September 30, 2023, a 98.0% increase. The increase for the nine months ended September 30, 2024 was primarily due to the goodwill impairment charge of \$104.2 million to reduce fully the carrying value of the Company's goodwill. Refer to the "Critical Accounting Policies" section for additional details. Excluding the goodwill impairment charge, total operating noninterest expense (non-GAAP) was \$125.9 million for the nine months ended September 30, 2024. Refer to the "Use of Non-GAAP Financial Measures" section for additional details and a reconciliation of GAAP to non-GAAP financial measures.

Salaries and employee benefits were \$21.7 million and \$21.5 million, respectively, for the three months ended September 30, 2024 and September 30, 2023. Salaries and employee benefits were \$65.2 million and \$67.7 million, respectively, for the nine months ended September 30, 2024 and September 30, 2023. The decrease in salaries and employee benefits over the comparative nine months ended September 30, 2024 and 2023 was primarily due to reduced incentive accruals, payroll taxes and healthcare costs.

FDIC insurance expense was \$7.4 million for the three months ended September 30, 2024 compared to \$3.3 million, for the same period in 2023, a 121% increase. FDIC insurance expense was \$19.7 million for the nine months ended September 30, 2024 compared to \$7.4 million, for the same period in 2023, a 166% increase. The increase in FDIC insurance expense over the comparative three and nine months ended September 30, 2024 and 2023 was primarily due to increases in FDIC deposit insurance assessments.

Marketing expenses were \$1.6 million and \$0.8 million, respectively, for the three months ended September 30, 2024 and September 30, 2023, an 107% increase. Marketing expenses were \$4.1 million and \$2.3 million, respectively, for the nine months ended September 30, 2024 and September 30, 2023, an 80% increase. The increase in marketing expenses over the comparative three and nine months ended September 30, 2024 and 2023 was primarily due to higher marketing expenses related to our digital banking channel.

Legal, accounting and professional fees were \$3.4 million and \$8.6 million for the three and nine months ended September 30, 2024, respectively, compared to \$2.2 million and \$8.1 million for the three and nine months ended September 30, 2023, respectively, an increase of \$1.2 million and an increase of \$0.5 million for the comparative periods, respectively.

The major components of other expenses include franchise taxes, director compensation and insurance expense. Other expenses decreased to \$3.3 million from \$3.5 million, or 6.6%, for the three months ended September 30, 2024, compared to the same three month period in 2023. For the nine month period ended September 30, 2024 other expenses decreased to \$9.3 million from \$11.5 million, or 19.1%, for the same period in 2023. The decrease in other expenses over the comparative nine months ended September 30, 2024 and 2023 was primarily due to a reduction in director fees.

The efficiency ratio, which measures the ratio of noninterest expense to total revenue, was 55.35% and 98.43% for the three months and nine months ended September 30, 2024, respectively as compared to 48.83% and 49.19% for the same periods in 2023. The adverse change in the efficiency ratio for the nine months ended September 30, 2024 was primarily driven by the recognition of goodwill impairment of \$104.2 million. Excluding the goodwill impairment charge, the operating efficiency ratio (non-GAAP) was 53.87% for the nine months ended September 30, 2024. Refer to the "Use of Non-GAAP Financial Measures" section for additional detail and a reconciliation of GAAP to non-GAAP financial measures.

As a percentage of average assets, total noninterest expense (annualized) was 1.40% for the three months ended September 30, 2024 as compared to 1.25% for the same period in 2023. As a percentage of average assets, total noninterest expense (annualized) was 2.46% for the nine months ended September 30, 2024, as compared to 1.32% for the same period in 2023. Excluding the goodwill impairment charge, total operating noninterest expense (non-GAAP) (annualized) as a percentage of average assets was 1.35% for the nine months ended September 30, 2024. Refer to the "Use of Non-GAAP Financial Measures" section for additional detail and a reconciliation of GAAP to non-GAAP financial measures.

Income Tax Expense

For the three and nine months ended September 30, 2024 the tax provision was \$4.9 million and \$12.3 million, respectively, compared to \$7.2 million and \$22.3 million for the three and nine months ended September 30, 2023. The decrease in the tax provision over the comparative three and nine months ended September 30, 2024 and 2023 was primarily due to decreases in pre-tax income period over period. The change in the effective tax rate over the comparative three and nine months ended September 30, 2024 and 2023 was primarily driven by the impairment of the goodwill which is not deductible for tax purposes.

The Inflation Reduction Act of 2022 was signed into law by President Biden on August 16, 2022 and made significant changes to the U.S. tax law, including the introduction of a corporate alternative minimum tax of 15% of the "adjusted financial statement income" of certain domestic corporations as well as a 1% excise tax on the fair market value of stock repurchases by certain domestic corporations, effective for tax years beginning in 2023. Effective January 1, 2023, the Company became subject to the tax laws under the Inflation Reduction Act. The Company has not experienced and currently does not expect the tax-related provisions of the Inflation Reduction Act to have a material impact on our financial results.

FINANCIAL CONDITION

Summary

Total assets were \$11.3 billion and \$11.7 billion at September 30, 2024 and December 31, 2023, respectively. The decrease in total assets of \$0.4 billion, or 3.3%, from December 31, 2023 to September 30, 2024 was primarily due to decreases in investment securities and interest-bearing deposits with other banks, and the impairment charge of goodwill related to a 2014 acquisition.

The largest component of assets, total loans with an amortized cost basis of \$8.0 billion at September 30, 2024, remained relatively flat compared to the balance at December 31, 2023. Refer to the "Loan Portfolio" section below for further discussion on loans.

Investment securities, at amortized cost net of the ACL, totaled \$2.5 billion at September 30, 2024 as compared to \$2.7 billion at December 31, 2023, a decrease of \$172.1 million, or 6.4%, that was primarily driven by the pay down of principal on mortgage-backed securities ("MBS") and calls of securities. At September 30, 2024 and December 31, 2023, investment securities available-for-sale had an amortized cost of \$1.6 billion and \$1.7 billion, respectively, and a fair value of \$1.4 billion and \$1.5 billion, respectively. Additionally, September 30, 2024 and December 31, 2023, investment securities held-to-maturity had an amortized cost of \$961.9 million (net of ACL of \$1.2 million) and \$1.0 billion (net of ACL of \$2.0 million), respectively, and an estimated fair value of \$868.4 million and \$901.6 million, respectively.

In terms of funding, total deposits at September 30, 2024 were \$8.5 billion, down from \$8.8 billion at December 31, 2023, a decline of 3.0%. Total borrowings (excluding customer repurchase agreements) were \$1.3 billion and \$1.4 billion at September 30, 2024 and December 31, 2023, respectively. The components and drivers of the change are discussed in the "Deposits and Other Borrowings" section below.

Total shareholders' equity declined to \$1.2 billion as of September 30, 2024 from \$1.3 billion as of December 31, 2023.

The Company's capital ratios remain substantially in excess of regulatory minimum and buffer requirements. Regulatory ratios based on risk-weighted assets experienced minor fluctuations of less than 5% from December 31, 2023 to September 30, 2024. The total risk based capital ratio was 15.51% at September 30, 2024, as compared to 14.79% at December 31, 2023. The common equity tier 1 capital ("CET1") risk based capital ratio was 14.30% at September 30, 2024, as compared to 13.90% at December 31, 2023. The tier 1 risk based capital ratio was 14.30% at September 30, 2024, as compared to 13.90% at December 31, 2023. The tier 1 leverage ratio was 10.77% at September 30, 2024, as compared to 10.73% at December 31, 2023.

The ratio of common equity to total assets was 10.86% at September 30, 2024, as compared to 10.92% at December 31, 2023 as common equity levels declined 3.8% over the nine months ended September 30, 2024. Book value per share was \$40.61 at September 30, 2024, a 4.6% decrease over \$42.58 at December 31, 2023. These declines were primarily due to the goodwill impairment charge of \$104.2 million.

In addition, the tangible common equity ratio was 10.86% at September 30, 2024, as compared to 10.12% at December 31, 2023. Tangible book value per share was \$40.61 at September 30, 2024, a 3.9% increase from \$39.08 at December 31, 2023. Refer to the "Use of Non-GAAP Financial Measures" section for additional detail and a reconciliation of GAAP to non-GAAP financial measures.

In order to be considered well-capitalized, the Bank must have a CET1 risk based capital ratio of 6.5%, a Tier 1 risk-based ratio of 8.0%, a total risk-based capital ratio of 10.0% and a leverage ratio of 5.0%. The Company and the Bank exceed all these requirements and satisfy the capital conservation buffer of 2.5% of CET1 capital. Failure to maintain the required capital conservation buffer would limit the ability of the Company and the Bank to pay dividends, repurchase shares or pay discretionary bonuses.

Loan Portfolio

In its lending activities, the Company seeks to develop and expand relationships with clients whose businesses and individual banking needs will grow with the Bank. Superior customer service, local decision making, and accelerated turnaround time from application to closing have been significant factors in growing the loan portfolio and meeting the lending needs in the markets served, while maintaining sound asset quality.

Loans outstanding were \$8.0 billion at September 30, 2024, an increase of \$1.6 million, from the balance at December 31, 2023. The loan portfolio is relatively flat in the nine months ended September 30, 2024, driven by increased fundings of ongoing construction projects for commercial and residential properties, offset by a reduction in commercial loans. Market rates year to date in 2024 for our new loan originations on average have been consistent with the market rates at the end of 2023, reflecting that the Federal Reserve did not increase or decrease short-term interest rates until mid-September 2024. We continue to see opportunities for growth in the commercial real estate market in our focused sectors; our processes for evaluating these opportunities are designed to ensure they are subject to reasonable underwriting standards, including appropriate collateral and cash flow necessary to support debt service. Following origination, we continue to monitor our borrowers' business plans and identify primary and alternative sources for loan repayment and, if necessary, obtain collateral to mitigate credit loss in the event of default.

Loans, net of amortized deferred fees and costs, at September 30, 2024 and December 31, 2023 by major category are summarized below.

(dollars in thousands, except amounts in the footnote)	September 30, 2024		December 31, 2023	
	Amount	%	Amount	%
Commercial	\$ 1,154,349	14 %	\$ 1,473,766	18 %
PPP loans	348	— %	528	— %
Income producing - commercial real estate	4,155,120	52 %	4,094,614	51 %
Owner occupied - commercial real estate	1,276,240	16 %	1,172,239	15 %
Real estate mortgage - residential	57,223	1 %	73,396	1 %
Construction - commercial and residential	1,174,591	15 %	969,766	12 %
Construction - C&I (owner occupied)	100,662	1 %	132,021	2 %
Home equity	51,567	1 %	51,964	1 %
Other consumer	169	— %	401	— %
Total loans	7,970,269	100 %	7,968,695	100 %
Less: allowance for credit losses	(111,867)		(85,940)	
Loans, net ⁽¹⁾	\$ 7,858,402		\$ 7,882,755	

(1) Excludes accrued interest receivable of \$43.4 million and \$45.3 million at September 30, 2024 and December 31, 2023, respectively, which is recorded in other assets.

As noted above, a significant portion of the loan portfolio consists of commercial, construction and commercial real estate loans, primarily made in the Washington, D.C. metropolitan area, and is secured by real estate or other collateral in that market. While our basic market area is the Washington, D.C. metropolitan area, the Bank has made loans outside that market where the borrower is an existing customer and the nature and quality of such loans was consistent with the Bank's lending policies. Although all of these loans are made to a diversified pool of unrelated borrowers across numerous businesses, adverse developments in the real estate market could continue to have an adverse impact on this portfolio of loans and the Company's income and financial position. Management believes that the CRE concentration risk is mitigated by diversification among the types and characteristics of real estate collateral properties, sound underwriting practices and ongoing portfolio monitoring and market analysis.

The Company's concentration in the Washington, D.C. metro area includes "Washington's Maryland Suburbs," which comprise Frederick, Prince George's and Montgomery counties and "Northern Virginia," which comprises Alexandria, Arlington, Falls Church, Fairfax, Loudoun and Prince William counties. At September 30, 2024, 30.9%, 27.4%, 24.5%, 5.4% and 11.8% of the loan portfolio, as a percentage of total amortized cost, was concentrated in Washington D.C., Washington's Maryland Suburbs, Northern Virginia, other counties in Maryland and other locations in the United States, respectively. At December 31, 2023, 31.5%, 26.4%, 25.1%, 5.5% and 11.5% of the loan portfolio, as a percentage of total amortized cost, was concentrated in Washington D.C., Washington's Maryland Suburbs, Northern Virginia, other counties in Maryland and other locations in the United States, respectively. While we remain cautious with regard to CRE market conditions, principally office, the strength of the Washington D.C. metro area in certain sectors, particularly multi-family CRE and the housing market, continue to drive premiums for well-located properties.

As part of its lending strategy, the Company maintains a substantial portfolio of CRE loans, with \$6.5 billion and \$6.1 billion, or 81.7% and 77.0% of total loans, of amortized cost outstanding at September 30, 2024 and December 31, 2023, respectively. Management meets regularly in order to monitor its existing CRE loan portfolio and to evaluate the pipeline for CRE loan investment. Income producing CRE loans collateralized by office properties comprised approximately \$864.0 million and \$949.0 million, or 10.8% and 11.9% of total loans, at September 30, 2024 and December 31, 2023, respectively. Office loans within Washington D.C., Washington's Maryland Suburbs and Northern Virginia were \$796.5 million and \$879.0 million, or 10.0% and 11.0% of total loans, at September 30, 2024 and December 31, 2023, respectively. As a percentage of total amortized cost of income producing - CRE office loans, 38.1%, 29.0%, 15.0%, 10.1% were located in Washington's Maryland Suburbs, Northern Virginia, the central business district of Washington D.C. and Washington, D.C. (outside the central business district), respectively, at September 30, 2024.

The following table summarizes the Company's income producing - commercial real estate loans, at principal, at September 30, 2024:

<u>At September 30, 2024</u>		Maryland			Virginia						
(dollars in thousands)	Washington D.C.	Washington Suburbs	Other	Northern Virginia	Other	Other	Total	Percent of Total			
Collateral Type:											
Hotel & motel	\$ 137,147	\$ 80,516	\$ 82,923	\$ 60,223	\$ —	\$ 21,742	\$ 382,551	9 %			
Industrial	881	78,870	40,567	19,439	11,932	—	151,689	4 %			
Mixed use	260,330	45,950	371	54,643	25,723	4,970	391,987	9 %			
Multifamily	395,123	224,830	315	120,408	84,954	48,204	873,834	21 %			
Office	217,341	329,312	4,288	251,174	63,368	—	865,483	21 %			
Retail	79,224	99,131	61,209	74,504	99,391	1,523	414,982	10 %			
Single / 1-4 Family & Res. Condo	69,432	2,610	2,130	13,451	6,492	4,056	98,171	2 %			
Other	190,641	184,304	36,094	519,811	8,629	46,451	985,930	24 %			
Total	\$ 1,350,119	\$ 1,045,523	\$ 227,897	\$ 1,113,653	\$ 300,489	\$ 126,946	\$ 4,164,627	100 %			
Percent of total	32 %	25 %	6 %	27 %	7 %	3 %	100 %				
Percent of Principal by Loan Size:											
Less than \$1 million	2 %	2 %	3 %	2 %	2 %	1 %					
\$1 million to \$5 million	10 %	9 %	18 %	7 %	10 %	16 %					
\$5 million to \$10 million	7 %	8 %	29 %	4 %	10 %	43 %					
\$10 million to \$25 million	18 %	15 %	31 %	32 %	36 %	11 %					
\$25 million to \$50 million	47 %	27 %	19 %	37 %	18 %	29 %					
Greater than \$50 million	16 %	39 %	— %	18 %	24 %	— %					
Total	100 %	100 %	100 %	100 %	100 %	100 %	100 %				

At September 30, 2024, \$332.7 million of principal of loans collateralized by office properties were criticized or classified.

At September 30, 2024, the Company had no concentrations of loans with any one borrower in any one industry exceeding 10% of its total loan portfolio. An industry for this purpose is defined as a group of businesses that are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The following table sets forth the time to the final contractual maturity of the loan portfolio as of September 30, 2024:

(dollars in thousands)	September 30, 2024					
	Total	One Year or Less ⁽¹⁾	Over One Year to Five Years	Over Five Years to Fifteen Years		Over Fifteen Years
Years				Years		
Commercial	\$ 1,154,349	\$ 414,070	\$ 585,836	\$ 150,889	\$ 3,554	
PPP loans	348	—	348	—	—	
Income producing - commercial real estate ⁽²⁾	4,155,120	1,617,826	2,256,418	280,876	—	
Owner occupied - commercial real estate	1,276,240	237,393	448,975	351,392	238,480	
Real estate mortgage - residential	57,223	14,729	33,073	461	8,960	
Construction - commercial and residential	1,174,591	342,232	799,042	3,580	29,737	
Construction - C&I (owner occupied)	100,662	26,981	3,522	9,828	60,331	
Home equity	51,567	1,364	1,861	1,206	47,136	
Other consumer	169	169	—	—	—	
Total loans	<u>\$ 7,970,269</u>	<u>\$ 2,654,764</u>	<u>\$ 4,129,075</u>	<u>\$ 798,232</u>	<u>\$ 388,198</u>	
Loans with:						
Predetermined fixed interest rate	\$ 3,216,302	\$ 1,060,322	\$ 1,595,576	\$ 494,622	\$ 65,782	
Floating or adjustable interest rate	4,753,967	1,594,442	2,533,499	303,610	322,416	
Total loans	<u>\$ 7,970,269</u>	<u>\$ 2,654,764</u>	<u>\$ 4,129,075</u>	<u>\$ 798,232</u>	<u>\$ 388,198</u>	

(1) Demand loans, having no contractual maturity, and overdrafts are reported as due in one year or less.

(2) Income producing CRE office loans, which had total principal of \$865.5 million at September 30, 2024 and are included within income producing - commercial real estate, had principal of \$278.5 million, \$579.7 million, \$6.7 million, and \$0.6 million aggregated with one year or less, over one year to five years, over five years to fifteen years, and over fifteen years remaining until contractual maturity, respectively. Approximately \$208.5 million and \$328.9 million of income producing CRE office loans as of September 30, 2024 were due to mature within three months and 18 months, respectively.

Allowance for Credit Losses

The ACL is an estimate based on many factors which reflect management's assessment of the risk in the loan portfolio. Those factors include economic conditions and trends, the value and adequacy of collateral, volume and mix of the portfolio, performance of the portfolio and internal loan processes of the Company and Bank. A full discussion of the accounting for ACL is contained in Note 1 to the Consolidated Financial Statements and activity in the ACL is contained in Note 4 to the Consolidated Financial Statements. Also, please refer to the discussion under the caption "Provision for Credit Losses" for a discussion of the Company's calculation of the provision for credit losses during the nine months ended September 30, 2024 and 2023.

The ACL for loans at September 30, 2024 at \$111.9 million, reflected a \$25.9 million increase from December 31, 2023 when it was \$85.9 million, reflecting a provision for credit losses of \$54.9 million and \$29.0 million in net charge-offs during the nine months ended September 30, 2024. Net charge-offs, on an annualized basis, represented 0.48% of average loans for the nine months ended September 30, 2024, an increase from net charge-offs of \$6.9 million during the nine months ended September 30, 2023, which represented 0.12% of average loans on an annualized basis. Net charge-offs during the nine months ended September 30, 2024 included \$20.1 million of charge offs on one CRE office lending relationship. At September 30, 2024, the ACL for loans represented 1.40% of total loans outstanding, as compared to 1.08% at December 31, 2023. The ACL represented 83% of nonperforming loans at September 30, 2024, as compared to 131% at December 31, 2023. Refer to the "Provision for Credit Losses" section of Management's Discussion and Analysis of Financial Condition and Results of Operations for more information on the provision for credit losses.

As part of its comprehensive loan review process, the Bank's Risk Committee evaluates loans which are past due 30 days or more. The Committee makes an assessment of the conditions and circumstances surrounding delinquent and potential problem loans. The Bank's loan policy requires that loans be placed on nonaccrual if they are 90 days past due or if their collection is deemed to be doubtful, unless they are well secured and in the process of collection. The Credit Administration department analyzes the status of development and construction projects, including sales activities and utilization of interest reserves in order to assess potential increased levels of risk which may require additional reserves.

The Company believes it has taken a prudent posture with respect to risk rating its loan portfolio. As of September 30, 2024 and December 31, 2023, loans rated special mention had an amortized cost of \$365.0 million and \$207.1 million, respectively, and loans rated substandard had an amortized cost of \$391.3 million and \$335.8 million, respectively. The increases in special mention loans were primarily attributable to additions in CRE loans, particularly in income producing - commercial real estate and commercial loans. The increases in substandard loans were primarily attributable to additions in CRE loans, particularly in commercial construction loans. At September 30, 2024, 100% and 59% of special mention and substandard loans, respectively, were current. Based upon their status as potential problem loans, loans risk rated special mention or substandard receive heightened scrutiny and ongoing intensive risk management. Additionally, the Company's loan loss allowance methodology incorporates increased reserve factors for certain loans considered potential problem loans as compared to the general portfolio.

Management, being aware of the loan growth experienced by the Bank and the risks facing CRE, is intent on maintaining strong portfolio management and a strong risk rating process. The Bank provides analysis of credit requests and the management of problem credits. The Bank has developed and implemented analytical procedures for evaluating credit requests, has refined the Company's risk rating system and has adopted enhanced monitoring of the loan portfolio and the adequacy of the ACL, in particular on its CRE and construction loans (including those collateralized by office properties). These analyses include stress testing. Additionally, fair value assessments of loans acquired are included in our analytical procedures. The loan portfolio analysis process is ongoing and proactive to support the Company's objective of maintaining a portfolio of quality credits and quickly identifying weaknesses before they become more severe.

At September 30, 2024 and December 31, 2023, the Company's performing office coverage ratio, which calculates the ACL attributable to loans collateralized by performing office properties as a percentage of total loans, was 4.55% and 1.91%, respectively.

The following table sets forth activity in the ACL for the periods indicated.

(dollars in thousands)	Nine Months Ended September 30,	
	2024	2023
Balance at beginning of period	\$ 85,940	\$ 74,444
Charge-offs:		
Commercial	(4,150)	(1,828)
Income producing - commercial real estate	(21,329)	(5,306)
Owner occupied - commercial real estate	(3,800)	—
Construction - commercial and residential	(129)	(136)
Other consumer	(88)	(50)
Total charge-offs	(29,496)	(7,320)
Recoveries:		
Commercial	220	335
Income producing - commercial real estate	185	—
Owner occupied - commercial real estate	71	31
Construction - commercial and residential	—	34
Other consumer	—	6
Total recoveries	476	406
Net charge-offs	(29,020)	(6,914)
Provision for credit losses - loans	54,947	15,802
Balance at end of period	\$ 111,867	\$ 83,332
Annualized ratio of net charge-offs during the period to average loans outstanding during the period	0.48 %	0.12 %

The following table reflects the allocation of the ACL at the dates indicated. The allocation of the allowance at September 30, 2024 includes ACL of \$5.4 million against individually assessed loans of \$134.4 million, as compared to ACL of \$0.6 million against individually assessed loans of \$66.1 million at December 31, 2023. The allocation of the allowance to each category is not necessarily indicative of future losses or charge-offs and does not restrict the use of the allowance to absorb losses in any category.

(dollars in thousands)	September 30, 2024			December 31, 2023		
	Amount	% of Total ACL	% of Total Loans	Amount	% of Total ACL	% of Total Loans
Commercial	\$ 20,303	18 %	14 %	\$ 17,824	21 %	18 %
Income producing - commercial real estate	53,312	48 %	52 %	40,050	47 %	51 %
Owner occupied - commercial real estate	20,071	17 %	16 %	14,333	16 %	15 %
Real estate mortgage - residential	738	1 %	1 %	861	1 %	1 %
Construction - commercial and residential	15,417	14 %	15 %	10,198	12 %	12 %
Construction - C&I (owner-occupied)	1,297	1 %	1 %	1,992	2 %	2 %
Home equity	700	1 %	1 %	657	1 %	1 %
Other consumer	29	— %	— %	25	— %	— %
Total allowance	\$ 111,867	100 %	100 %	\$ 85,940	100 %	100 %

Nonperforming Assets

The Company's level of nonperforming assets, which comprise the amortized cost of loans delinquent 90 days or more and nonaccrual loans, which includes the nonperforming portion of loan modifications, and the carrying value of OREO, totaled \$137.1 million at September 30, 2024 representing 1.22% of total assets, as compared to \$66.6 million of nonperforming assets, or 0.57% of total assets, at December 31, 2023.

The Company had no accruing loans which were 90 days or more past due at September 30, 2024. Management prioritizes remaining attention to early signs of deterioration in borrowers' financial conditions and to taking action designed to mitigate risk. The Company places loans on nonaccrual status if it deems collection to be doubtful. The Company believes it is diligent in placing loans on nonaccrual status and believes, based on its loan portfolio risk analysis, that its ACL, at 1.40% of total loans at September 30, 2024, is adequate to absorb expected credit losses within the loan portfolio at that date.

Total nonperforming loans had an amortized cost of \$134.4 million at September 30, 2024, representing 1.69% of total loans, compared to \$65.5 million at December 31, 2023, representing 0.82% of total loans. The increase was primarily from the addition of two income-producing commercial real estate loans and one owner-occupied commercial real estate loan to non-accruing status following a partial charge-off on the combined balances in the nine months ended September 30, 2024.

The CECL standard allows for institutions to evaluate individual loans in the event that the asset does not share similar risk characteristics with its original segmentation. This can occur due to credit deterioration, increased collateral dependency or other factors leading to impairment. In particular, the Company individually evaluates loans on nonaccrual and those identified as loan modifications to borrowers experiencing financial difficulties, though it may individually evaluate other loans or groups of loans as well if it determines they no longer share similar risk with their assigned segment. Reserves on individually assessed loans are determined by one of two methods: the fair value of collateral or the discounted cash flow. Fair value of collateral is used for loans determined to be collateral dependent, and the fair value represents the net realizable value of the collateral, adjusted for sales costs, commissions, senior liens, etc. Discounted cash flow is used on loans that are not collateral dependent where structural concessions have been made and continuing payments are expected. The continuing payments are discounted over the expected life at the loan's original contract rate and include adjustments for risk of default.

Nonperforming assets include loans that the Company considers to be individually assessed. Individually assessed loans are defined as those as to which we believe it is probable that we will not collect all amounts due according to the contractual terms of the loan agreement, as well as those loans whose terms have been modified in a loan restructuring to a borrower experiencing financial difficulties that has not shown a period of performance as required under applicable accounting standards. Loans that do not share risk characteristics are evaluated on an individual basis. For collateral dependent financial assets where the Company has determined that foreclosure of the collateral is probable, or where the borrower is experiencing financial difficulty and the Company expects repayment of the financial asset to be provided substantially through the sale of the collateral, the ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the asset as of the measurement date. When repayment is expected to be from the operation of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the financial asset exceeds the net present value ("NPV") from the operation of the collateral. When repayment is expected to be from the sale of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the financial asset exceeds the fair value of the underlying collateral less estimated cost to sell. The ACL may be zero if the fair value of the collateral at the measurement date exceeds the amortized cost basis of the financial asset. Generally, all appraisals associated with individually assessed loans are updated on a not less than annual basis.

The Company evaluates loan modifications according to the accounting guidance for loan modifications to determine if the modification results in a new loan or a continuation of the existing loan. Loan modifications to borrowers experiencing financial difficulty that result in a direct change in the timing or amount of contractual cash flows include situations where there is principal forgiveness, interest rate reductions, other-than-insignificant payment delays, term extensions, and combinations of the listed modifications. A loan that is considered a modified loan may be subject to an individually-evaluated loan analysis if the commitment is \$500 thousand or greater; otherwise, the restructured loan remains in the appropriate segment in the ACL model and associated provisions are adjusted based on changes in the discounted cash flows resulting from the modification of the restructured loan. Management strives to identify borrowers in financial difficulty early and work with them to modify their loan to more affordable terms before their loan reaches nonaccrual status, foreclosure or repossession of the collateral to minimize economic loss to the Company.

Commercial and consumer loans modified are closely monitored for delinquency as an early indicator of possible future default. If loans modified in a loan restructuring subsequently default, the Company evaluates the loan for possible further impairment. The allowance may be increased, adjustments may be made in the allocation of the allowance, or partial charge-offs may be taken to further write-down the carrying value of the loan.

During the nine months ended September 30, 2024, the Bank modified 33 loans with a total amortized cost of \$278.7 million at September 30, 2024 (3.5% of the loan portfolio). These loans received extended loan terms of between approximately 1 to 36 months.

Loans modified in the preceding twelve months totaled \$304.7 million, of which approximately \$15.7 million are loans 30-89 days past due and \$57.6 million are on nonaccrual status. All other loans are performing under their modified terms.

Alternatively, management, from time-to-time and in the ordinary course of business, implements renewals, modifications, extensions and/or changes in terms of loans to borrowers who have the ability to repay on reasonable market-based terms, as circumstances may warrant, and therefore, such modifications are not considered to be loan restructurings to a borrower experiencing financial difficulty, as the accommodation of a borrower's request does not rise to the level of a concession if the modified transaction is at market rates and terms and/or the borrower is not experiencing financial difficulty. For example: (1) adverse weather conditions may create a short term cash flow issue for an otherwise profitable retail business which suggests a temporary interest only period on an amortizing loan; (2) there may be delays in absorption on a real estate project which reasonably suggests extension of the loan maturity at market terms; or (3) there may be maturing loans to borrowers with demonstrated repayment ability who are not in a position at the time of maturity to obtain alternate long-term financing.

Included in nonperforming assets was OREO of \$2.7 million, comprising four foreclosed properties, at September 30, 2024 and \$1.1 million, comprising three foreclosed properties, at December 31, 2023. OREO properties are carried at the lower of cost or fair value less estimated costs to sell.

It is the Company's policy to obtain third party appraisals prior to foreclosure, and to obtain updated third party appraisals on OREO properties generally not less frequently than annually. Generally, the Company would obtain updated appraisals or evaluations on OREO properties where it has reason to believe, based upon market indications (such as: comparable sales, a scenario in which the Company is considering legitimate offers below carrying value, broker indications and similar factors), that the current appraisal does not accurately reflect current value. Two OREO properties were sold during the nine months ended September 30, 2024 and one OREO property was sold during the nine months ended September 30, 2023, generating proceeds of \$656 thousand and \$609 thousand, respectively. There were no sales of OREO properties during the three months ended September 30, 2024 and 2023.

The following table shows the amounts of nonperforming assets, including loans at amortized cost and OREO at the lower of cost or fair value less estimated costs to sell:

(dollars in thousands)	September 30, 2024	December 31, 2023
Nonaccrual Loans:		
Commercial	\$ 1,930	\$ 2,049
Income producing - commercial real estate	94,282	40,926
Owner occupied - commercial real estate	37,730	19,836
Real estate mortgage - residential	172	1,946
Construction - commercial and residential	—	525
Home equity	257	242
Total nonperforming loans	134,371	65,524
Other real estate owned	2,743	1,108
Total nonperforming assets	\$ 137,114	\$ 66,632
Coverage ratio, allowance for credit losses to total nonperforming loans		
	83 %	131 %
Ratio of nonperforming loans to total loans	1.69 %	0.82 %
Ratio of nonperforming assets to total assets	1.22 %	0.57 %

Significant variation in the amount of nonperforming loans may occur from period to period because the amount of nonperforming loans depends largely on the condition of a relatively small number of individual credits and borrowers relative to the total loan portfolio.

At September 30, 2024, there were \$391.3 million of substandard loans. Substandard loans are considered potential or actual problem loans due to known information about possible or actual credit problems which causes management to be uncertain as to the ability of the borrowers to comply with the present loan repayment terms, which may in the future result in the reclassification to the past due, nonaccrual or restructured loan categories, as appropriate. Based upon their status as potential or actual problem loans, these loans receive heightened scrutiny and ongoing intensive risk management.

Deposits and Other Borrowings

The principal sources of funds for the Bank are core deposits, consisting of demand deposits, money market accounts, Negotiable Order of Withdrawal ("NOW") accounts, savings accounts, and certificates of deposits. The deposit base includes transaction accounts, time and savings accounts, and accounts that customers use for cash management and which provide the Bank with a source of fee income and cross-marketing opportunities, as well as an attractive source of lower cost funds. To meet funding needs during periods of high loan demand and seasonal variations in core deposits, the Bank regularly utilizes alternative funding sources such as secured borrowings from the FHLB, federal funds purchased lines of credit from correspondent banks and brokered deposits from regional and national brokerage firms. Additionally, the Bank participated in the BTFP established by the Federal Reserve in March 2023. The Federal Reserve announced in January 2024 that the BTFP would stop originating new loans on March 11, 2024, as scheduled. The Federal Reserve also modified the terms of the program so that the interest rate for new loans would be no lower than the interest rate on reserve balances in effect on the day the loan is made. In January 2024, prior to these announcements by the Federal Reserve, the Company borrowed an additional \$500.0 million through the BTFP and refinanced \$500.0 million under the program, each at an interest rate of 4.76% and a maturity date in January 2025.

The following table summarizes the Company's deposits at September 30, 2024 and December 31, 2023:

	September 30, 2024		December 31, 2023	
	Balance	Percentage	Balance	Percentage
Noninterest-bearing demand	\$ 1,609,823	19 %	\$ 2,279,081	26 %
Interest-bearing transaction	903,300	11 %	997,448	11 %
Savings and money market	3,316,819	39 %	3,314,043	38 %
Time deposits	2,710,908	31 %	2,217,467	25 %
Total	\$ 8,540,850	100 %	\$ 8,808,039	100 %

For the nine months ended September 30, 2024, total deposits decreased by \$267.2 million as compared to December 31, 2023. The decrease was primarily attributable to a \$669.3 million decrease in noninterest bearing demand deposits, partially offset by a \$493.4 million increase in time deposits. These deposit changes were the result of a decline in deposits from a third party payment processor related to the fluctuations in deposit levels resulting from its business, as well as declines in some public and brokered fundings, partially offset by growth in time deposits from the company's digital acquisition channel.

No single depositor represented more than 10% of total deposits as of September 30, 2024. The ten largest depositors not associated with brokered pass-through relationships represented approximately 17% of total deposits in the aggregate as of September 30, 2024. The Company maintains a significant deposit relationship with a third-party payments processor, whose business results in deposit inflows and outflows on an ongoing basis, which contributes to variations in period end compared to average deposit balances.

From time to time, when appropriate in order to fund strong loan demand or account for increased deposit outflow, the Bank accepts brokered time deposits, generally in denominations of less than \$250 thousand, from a regional brokerage firm and other national brokerage networks, including IntraFi Network, LLC ("IntraFi"). Additionally, the Bank participates in the Certificates of Deposit Account Registry Service ("CDARS") and the Insured Cash Sweep product ("ICS"), which provide for reciprocal ("two-way") transactions among banks facilitated by IntraFi for the purpose of maximizing FDIC insurance. The total of reciprocal deposits at September 30, 2024 was \$1.4 billion (16% of total deposits) as compared to \$1.7 billion (19% of total deposits) at December 31, 2023. These sources are believed by the Company to represent a reliable and cost efficient alternative funding source for the Bank, but there can be no assurance that they will continue to be adequate or appropriate to meet our liquidity needs. The Bank also is able to obtain one-way CDARS deposits and participates in IntraFi's Insured Network Deposit Program ("IND"). The Bank had \$763.9 million and \$786.5 million of IND brokered deposits as of September 30, 2024 and December 31, 2023, respectively. However, to the extent that the condition or reputation of the Company or Bank deteriorates, to the extent that there are significant changes in market interest rates which the Company and Bank do not elect to match, or if aggregate funding available to banks changes due to changes in the marketplace, we may experience an outflow of brokered deposits or difficulty in obtaining them in the future. In that event, we would be required to obtain alternate sources for funding, which may increase our cost of funds and negatively impact our net interest margin.

We have used brokered deposits and intend to continue to use brokered deposits as one of our funding sources to support future growth. At September 30, 2024, total brokered deposits were \$3.6 billion, or 42.5% of total deposits, of which \$1.4 billion were attributable to the CDARS and ICS two-way accounts. Total brokered deposits were comprised of \$1.3 billion, \$0.9 billion, and \$1.4 billion of time deposits, savings and money market accounts and interest-bearing transaction accounts, respectively, at September 30, 2024. At December 31, 2023, total brokered deposits (excluding the CDARS and ICS two-way) were \$2.5 billion, or 28.8% of total deposits, and comprised \$1.5 billion, \$961.5 million, and \$108.2 million of time deposits, savings and money market accounts, and interest-bearing transaction accounts, respectively.

At September 30, 2024 and December 31, 2023, total deposits included estimated totals of \$2.2 billion and \$2.8 billion of uninsured deposits, which represented 25.5% and 31.4% of total deposits, respectively. The decrease in the percentage of the Bank's deposits that are uninsured was in part due to customers' increased use of the products facilitated by IntraFi that enable customers to maximize FDIC deposit insurance coverage for their deposits.

As an enhancement to the basic noninterest bearing demand deposit account, the Company offers a sweep account, or "customer repurchase agreement," allowing qualifying businesses to earn interest on short-term excess funds, which are not suited for either a certificate of deposit or a money market account. The balances in these accounts were \$32.0 million at September 30, 2024 compared to \$30.6 million at December 31, 2023. Customer repurchase agreements are not deposits and are not insured by the FDIC but are collateralized by U.S. agency securities and/or U.S. agency backed MBS. These accounts are particularly suitable to businesses with significant fluctuation in the levels of cash flows. Attorney and title company escrow accounts are examples of accounts which can benefit from this product, as are customers who may require collateral for deposits in excess of FDIC insurance limits but do not qualify for other pledging arrangements. This program requires the Company to maintain a sufficient investment securities level to accommodate the fluctuations in balances which may occur in these accounts.

The Company had no outstanding balances under its federal funds lines of credit provided by correspondent banks (which are unsecured) at September 30, 2024 and December 31, 2023.

At September 30, 2024, the Company had \$240.0 million in FHLB secured borrowings outstanding compared to none at December 31, 2023. Outstanding FHLB advances are secured by collateral consisting of specifically pledged marketable investment securities and a blanket lien on qualifying loans in the Bank's commercial mortgage, residential mortgage and home equity loan portfolios. Additionally, at September 30, 2024 and December 31, 2023, the Company had \$1.0 billion and \$1.3 billion of outstanding borrowings under the BTFP. Outstanding BTFP advances are secured by collateral consisting of specifically pledged qualifying investment securities. Outstanding short-term advances and borrowings are part of the overall asset liability strategy to support loan growth.

The subordinated notes outstanding at December 31, 2023 comprised the Company's August 5, 2014 issuance of \$70.0 million of subordinated notes, which matured and were repaid in September 2024.

On September 30, 2024, the Company closed a private placement of its 10.00% senior unsecured debt totaling \$77.7 million maturing on September 30, 2029 (the "2029 Senior Notes"). At September 30, 2024, the carrying value of these 2029 Senior Notes was \$75.8 million, which reflected \$1.9 million in deferred financing costs that are being amortized over the life of the 2029 Senior Notes.

In connection with the issuance of the 2029 Senior Notes, the Company also entered into a registration rights agreement dated September 30, 2024 with the purchasers of the 2029 Senior Notes (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement, the Company is planning to file an exchange offer registration statement with the SEC to exchange the Senior Notes for substantially identical notes registered under the Securities Act.

Commitments and Contractual Obligations

Loan commitments outstanding and lines and letters of credit were as follows:

(dollars in thousands)	September 30, 2024	December 31, 2023
Unfunded loan commitments	\$ 1,564,617	\$ 1,981,334
Unfunded lines of credit	94,396	98,614
Letters of credit	70,820	87,146
Total	\$ 1,729,833	\$ 2,167,094

Various commitments to extend credit are made in the normal course of banking business. Letters of credit are also issued for the benefit of customers. These commitments are subject to loan underwriting standards and geographic boundaries consistent with the Company's loans outstanding.

Unfunded loan commitments are agreements whereby the Bank has made a commitment to lend to a customer as long as there is satisfaction of the terms or conditions established in the contract and the borrower has accepted the commitment in writing. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee before the commitment period is extended. In many instances, borrowers are required to meet performance milestones in order to draw on a commitment as is the case in construction loans, or to have a required level of collateral in order to draw on a commitment as is the case in asset based lending credit facilities. Collateral obtained varies and may include certificates of deposit, accounts receivable, inventory, property and equipment, residential and CRE. Since commitments may expire without being drawn, the total commitment amount does not necessarily represent future cash requirements.

Unfunded lines of credit are agreements to lend to a customer as long as there is no violation of the terms or conditions established in the contract. Lines of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since lines of credit may expire without being drawn, the total unfunded line of credit amount does not necessarily represent future cash requirements.

Letters of credit include standby and commercial letters of credit. Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance by the Bank's customer to a third party. Standby letters of credit generally become payable upon the failure of the customer to perform according to the terms of the underlying contract with the third party. Standby letters of credit are generally not drawn. Commercial letters of credit are issued specifically to facilitate commerce and typically result in the commitment being drawn when the underlying transaction is consummated between the customer and a third party. The contractual amount of these letters of credit represents the maximum potential future payments guaranteed by the Bank. The Bank has recourse against the customer for any amount it is required to pay to a third party under a letter of credit, and holds cash and/or other collateral on those standby letters of credit for which collateral is deemed necessary.

Liquidity Management

Liquidity is a measure of the Company's and Bank's ability to meet loan demand and to satisfy depositor withdrawal requirements in an orderly manner. The Bank's primary sources of liquidity consist of cash and cash balances due from correspondent banks, excess reserves at the Federal Reserve, loan repayments, federal funds sold and other short-term investments, maturities and sales of investment securities, income from operations and new core deposits into the Bank. Approximately 60% of the Company's investment portfolio of debt securities is held in an available-for-sale status which allows for flexibility, subject to holdings held as collateral for customer repurchase agreements and public funds, to generate cash from sales as needed to meet ongoing loan demand. As of September 30, 2024, the unrealized losses recorded on the available-for-sale securities were acting as a deterrent to any sale of those securities to raise liquidity. However, these securities can be utilized as pledged assets that provide secondary liquidity through the form of additional available borrowings. Investment securities that are classified as held-to-maturity can also be used as collateral to pledge against additional borrowings. The Company's primary sources of liquidity are supplemented by the ability of the Company and Bank to borrow funds or issue brokered deposits, which are termed secondary sources of liquidity and which are substantial.

The following table summarizes the Company's secondary sources of liquidity in use and available at September 30, 2024:

(dollars in thousands, except amount in the footnotes)	Secondary Sources of Liquidity in Use	Secondary Sources of Liquidity Remaining	
September 30, 2024:	Secondary Sources of Liquidity in Use	Available	
Unsecured brokered deposits ⁽¹⁾	\$ 926,410	\$ 1,930,266	
FHLB secured borrowings	240,000		1,203,126
FRB:			
BTFP secured borrowings	1,000,000		—
Discount window secured borrowings	—		1,839,552
Federal funds lines	—		145,000
Customer repurchase agreements	32,040		—
Raymond James repurchase agreement	—		18,604
Unpledged assets: ⁽²⁾			
Interest-bearing deposits with banks	N/A		25,833
Investment securities	N/A		892,856
Total	\$ 2,198,450	\$ 6,055,237	

(1) The available liquidity from the unsecured brokered deposits represents unsecured funds under one-way CDARS and ICS brokered deposits that would require then current market rates and be dependent on the availability of funds in those networks.

(2) Comprise unencumbered assets that could be liquidated or used as collateral to obtain additional liquidity through debt financing.

The funding mix has continued to change throughout the nine months ended September 30, 2024. Deposits were \$8.5 billion and \$8.8 billion at September 30, 2024 and December 31, 2023, respectively. The decrease in deposits was primarily attributable to a \$669.3 million decrease in noninterest bearing demand deposits, partially offset by a \$493.4 million increase in time deposits. These deposit changes were the result of a decline in deposits from a third party payment processor related to the fluctuations in deposit levels resulting from its business, as well as declines in some public and brokered fundings, partially offset by growth in time deposits from the company's digital acquisition channel. Borrowings at quarter-end were \$1.3 billion and \$1.4 billion at September 30, 2024 and December 31, 2023, respectively. The net decrease in borrowings was attributable to a decrease in net fundings on the Company's secured borrowings and subordinated notes that matured and were repaid in September 2024, partially offset by issuance of the 2029 Senior Notes. Refer to the "Deposits and Other Borrowings" section above for further discussion.

The Bank can purchase up to \$145.0 million in federal funds on an unsecured basis from its correspondents, against which there were no amounts outstanding at September 30, 2024 and December 31, 2023. The Bank can borrow unsecured funds under one-way CDARS and ICS brokered deposits up to \$1.9 billion, against which there was \$926.4 million outstanding at September 30, 2024. The Bank also has custodial agreements with various broker-dealers through IntraFi's IND program which provided \$763.9 million of brokered deposits at September 30, 2024.

At September 30, 2024, the Bank was eligible to draw on advances from the FHLB up to \$1.4 billion based on assets pledged as collateral to the FHLB, against which the Bank borrowed \$240.0 million as of September 30, 2024. The Bank had no FHLB borrowings outstanding at December 31, 2023. The Bank posted additional collateral to the FHLB during the nine months ended September 30, 2024 and during the year ended December 31, 2023 to increase its eligibility for advances to meet its ongoing liquidity needs and expects to continue to utilize this source of funding in the future.

In March 2023, the Federal Reserve Board announced that it would make available additional funding to eligible depository institutions through the creation of the BTFP. The BTFP provided eligible depository institutions, including the Bank, an additional source of liquidity. Subsequent to its initiation, the Federal Reserve also modified the terms of the program so that the interest rate for new loans would be no lower than the interest rate on reserve balances in effect on the day the loan is made. In January 2024, the Company borrowed an additional \$500.0 million through the BTFP and refinanced \$500.0 million under the program at an interest rate of 4.76% and a maturity in January 2025. The Federal Reserve discontinued the origination of new loans on March 11, 2024, as scheduled. At September 30, 2024, the Bank had \$1.0 billion of BTFP borrowings outstanding. This alternative source of liquidity is being utilized for balance sheet optimization.

The Bank has a back-up borrowing facility through the Discount Window at the Federal Reserve. This facility, which can be used to borrow up to \$1.8 billion, is collateralized with specific assets identified to the Federal Reserve. During the third quarter, additional collateral in the form of acceptable loans was pledged to the Discount Window increasing available contingent capacity. It is anticipated that, except for periodic testing, this facility would be utilized for contingency funding only. There can be no assurance, however, that these alternative sources of liquidity will continue to be available or will be sufficient to meet our ongoing liquidity needs.

In total, the Bank's aggregate borrowing capacity at September 30, 2024 was \$3.9 billion, which consists of \$1.2 billion and \$1.8 billion of additional aggregate capacity to borrow from the FHLB and the Federal Reserve's Discount Window, respectively, on assets that have been pledged; along with \$18.6 million of aggregate capacity to borrow on a pledge security through a repurchase agreement with Raymond James. The Bank also has unencumbered securities totaling approximately \$892.9 million available for pledging to the FHLB or the Federal Reserve for additional borrowing capacity.

The loss of deposits through disintermediation is one of the greater risks to liquidity. Disintermediation occurs most commonly when rates rise and depositors withdraw deposits seeking higher rates in alternative savings and investment sources than the Bank may offer. The Bank makes competitive deposit interest rate comparisons weekly and makes adjustments from time to time to ensure its interest rate offerings are competitive.

There is, however, a risk that the cost of funds will increase significantly as the Bank competes for deposits or that some deposits would be lost if rates were to continue to increase and the Bank elected not to remain competitive with its deposit rates. Under those conditions, the Bank believes that it is well positioned to use other sources of funds such as FHLB borrowings, brokered deposits, repurchase agreements and correspondent banks' lines of credit to offset a decline in deposits in the short run, but the use of such sources may negatively impact our net interest margin and our earnings. The continuing elevated cost of funding negatively impacted our net interest margin. Late in the third quarter of 2024, the Federal Reserve decreased interest rates by 50 basis points, having minimal impact on net interest margin in the quarter.

There can be no assurance that the mix of sources of funds available to us at any particular time in the future will be adequate to meet our future liquidity needs. Furthermore, the market for customer and brokered deposits is highly competitive and the risk of disintermediation is high, particularly in a rising or high interest rate environment. Most of our noninterest bearing deposits are operating deposits or compensating balances that are held in connection with lending relationships. The potential outflow of such deposits is a risk unless we pay a more competitive rate of interest on them, which could significantly and negatively impact the Bank's interest expense and net interest margin, as the transfer of some noninterest-bearing deposits to interest-bearing deposits did in 2023. Over the long-term, an adjustment in assets and change in business emphasis could compensate for a potential loss of deposits. The Bank also maintains a marketable investment portfolio to provide flexibility in the event of significant liquidity needs. The Asset Liability Committee ("ALCO") has adopted policy guidelines, which emphasize the importance of core deposits, adequate asset liquidity and a contingency funding plan.

The Company believes it maintains sufficient primary and secondary sources of liquidity to fund its operations. During the first nine months ended September 30, 2024, average short term liquidity, comprising interest bearing deposits with other banks and other short-term investments and investment securities available-for-sale, was \$3.1 billion, which is above the Bank's average needs. Secondary sources of liquidity available at September 30, 2024 were \$6.1 billion, which include the FHLB, other insured brokered deposit sweep programs, unpledged securities, Fed funds lines, and the FRB Discount Window. At September 30, 2024, the Company held total securities available to be pledged with an estimated fair value of \$892.9 million. At September 30, 2024, under the Bank's liquidity formula, it had \$6.5 billion of primary and secondary liquidity sources. Management believes the amount is adequate to meet current and projected funding needs.

Capital Resources and Adequacy

The assessment of capital adequacy depends on a number of factors such as asset quality and mix, liquidity, earnings performance, changing competitive conditions and economic forces, stress testing, regulatory measures and policy, as well as the overall level of growth and complexity of the balance sheet. The adequacy of the Company's current and future capital needs is monitored by management on an ongoing basis. Management seeks to maintain a capital structure that will assure an adequate level of capital to support anticipated asset growth and to absorb potential losses.

The federal banking regulators have issued guidance for those institutions which are deemed to have concentrations in commercial real estate lending. Pursuant to the supervisory criteria contained in the guidance for identifying institutions with a potential commercial real estate concentration risk, institutions which have (1) total reported loans for construction, land development, and other land acquisitions which represent 100% or more of an institution's total risk-based capital; or (2) total commercial real estate loans representing 300% or more of the institution's total risk-based capital and the institution's commercial real estate loan portfolio has increased 50% or more during the prior 36 months are identified as having potential commercial real estate concentration risk. Institutions which are deemed to have concentrations in commercial real estate lending are expected to employ heightened levels of risk management with respect to their commercial real estate portfolios, and may be required to hold higher levels of capital. The Company, like many community banks, has commercial real estate loans, and the Company has experienced growth in its commercial real estate portfolio in recent years. Although growth in that segment over the past 36 months at 28% did not exceed the 50% threshold laid out in the regulatory guidance, we expect the heightened supervisory expectations to continue to apply to us given the federal banking regulators' general focus on commercial real estate exposures at banks.

At September 30, 2024, we did exceed the construction, land development, and other land acquisitions regulatory concentration threshold, and we continue to monitor our concentration in commercial real estate lending and remain in compliance with the guidance issued by the federal banking regulators. Construction, land and land development loans represent 124% of total risk based capital. Management has extensive experience in commercial real estate lending, and has implemented and continues to maintain heightened risk management procedures and strong underwriting criteria with respect to its commercial real estate portfolio.

Loan monitoring practices include but are not limited to periodic stress testing analysis to evaluate changes to cash flows, owing to interest rate increases and declines in net operating income. Nevertheless, as our commercial real estate concentration fluctuates each quarter, we may be required to maintain higher levels of capital as a result of our commercial real estate concentrations, which could require us to obtain additional capital, and may adversely affect shareholder returns. The Company seeks to manage the risks relating to commercial real estate and its capital adequacy through the development and implementation of its Capital Policy and Capital Plan, the preparation of pro-forma projections including stress testing and the development of internal minimum targets for regulatory capital ratios that are subject to approval by the Board and in excess of well capitalized ratios.

The Company and the Bank are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy and prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weightings, and other factors and the regulators can lower classifications in certain cases. Failure to meet various capital requirements can initiate regulatory action that could have a direct material effect on the financial statements.

At September 30, 2024, the capital position of the Company and its wholly owned subsidiary, the Bank, continue to exceed regulatory requirements and well-capitalized guidelines. The primary indicators relied on by bank regulators in measuring the capital position are four ratios as follows: Tier 1 risk-based capital ratio, Total risk-based capital ratio, the Leverage ratio and the CET1 ratio. Tier 1 capital consists of common and qualifying preferred shareholders' equity less goodwill and other intangibles. Total risk-based capital consists of Tier 1 capital, plus qualifying subordinated debt and the qualifying portion of the ACL. Risk-based capital ratios are calculated with reference to risk-weighted assets, which are prescribed by regulation. The measure of Tier 1 capital to average assets for the prior quarter is often referred to as the leverage ratio. The CET1 ratio is the Tier 1 capital ratio but excluding preferred stock.

The prompt corrective action regulations provide five categories, including well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If a bank is only adequately capitalized, regulatory approval is required to, among other things, accept, renew or roll-over brokered deposits. If a bank is undercapitalized, capital distributions and growth and expansion are limited, and plans for capital restoration are required.

The FRB and the FDIC have adopted rules (the "Basel III Rules") implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks. Under the Basel III Rules, the Company and Bank are required to maintain a CET1 ratio of 4.5% and a capital conservation buffer of 2.5% of risk-weighted assets, effectively resulting in a minimum CET1 ratio of 7.0%; a minimum ratio of Tier 1 capital to risk-weighted assets of 6.0%, or 8.5% with the fully phased in capital conservation buffer; a minimum total capital to risk-weighted assets ratio of 10.5% with the fully phased-in capital conservation buffer; and a minimum leverage ratio of 4.0%. The Basel III Rules also increased risk weights for certain assets and off-balance-sheet exposures. At September 30, 2024, the Company and the Bank meet all these requirements.

The Company announced a regular quarterly cash dividend on September 30, 2024 of \$0.165 per share to shareholders of record on October 21, 2024 and it was paid on October 31, 2024.

The ability of the Company to continue to grow is dependent on its results of operations and those of the Bank, the ability to obtain additional funds for contribution to the Bank's capital, through additional borrowings, through the sale of additional common stock or preferred stock or through the issuance of additional qualifying capital instruments, such as subordinated debt. The capital levels required to be maintained by the Company and Bank may be impacted as a result of the Bank's concentrations in commercial real estate loans.

The capital amounts and ratios for the Company and Bank as of September 30, 2024 and December 31, 2023 are presented in the table below.

(dollars in thousands)	Company		Bank		To Be Well-Capitalized Under Prompt Corrective Action Regulations ⁽¹⁾	
	Actual		Actual		Minimum Required Basel III	
	Amount	Ratio	Amount	Ratio		
September 30, 2024						
CET1 capital (to risk weighted assets)	\$ 1,351,807	14.30 %	\$ 1,351,231	14.38 %	7.00 %	6.50 %
Total capital (to risk weighted assets)	\$ 1,465,659	15.51 %	\$ 1,465,083	15.60 %	10.50 %	10.00 %
Tier 1 capital (to risk weighted assets)	\$ 1,351,807	14.30 %	\$ 1,351,231	14.38 %	8.50 %	8.00 %
Tier 1 capital (to average assets)	\$ 1,351,807	10.77 %	\$ 1,351,231	10.81 %	4.00 %	5.00 %
December 31, 2023						
CET1 capital (to risk weighted assets)	\$ 1,335,967	13.90 %	\$ 1,330,001	13.92 %	7.00 %	6.50 %
Total capital (to risk weighted assets)	\$ 1,421,347	14.79 %	\$ 1,415,381	14.81 %	10.50 %	10.00 %
Tier 1 capital (to risk weighted assets)	\$ 1,335,967	13.90 %	\$ 1,330,001	13.92 %	8.50 %	8.00 %
Tier 1 capital (to average assets)	\$ 1,335,967	10.73 %	\$ 1,330,001	10.72 %	4.00 %	5.00 %

(1) Applies to the Bank only.

Bank and holding company regulations, as well as Maryland law, impose certain restrictions on dividend payments by the Bank, as well as restricting extensions of credit and transfers of assets between the Bank and the Company.

In December 2018, federal banking regulators issued a final rule that provides an optional three-year phase-in period for the adverse regulatory capital effects of adopting the CECL methodology pursuant to new accounting guidance for the recognition of credit losses on certain financial instruments, effective January 1, 2020. In March 2020, the federal banking regulators issued an interim final rule that provides banking organizations with an alternative option to temporarily delay for two years the estimated impact of the adoption of the CECL methodology on regulatory capital, followed by the three-year phase-in period. The cumulative amount that is not recognized in regulatory capital will be phased in at 25 percent per year beginning January 1, 2022. We have elected to adopt the option provided by the March 2020 interim final rule.

Asset/Liability Management and Quantitative and Qualitative Disclosures about Market Risk

A fundamental risk in banking is exposure to market risk, or interest rate risk, since a bank's earnings is largely dependent on net interest income. The Bank's ALCO formulates and monitors the management of interest rate risk through policies and guidelines established by it and overseen by the Audit Committee and the full Board of Directors and through review of detailed reports discussed quarterly. In its consideration of risk limits, the ALCO considers the impact on earnings and capital, the level and direction of interest rates, liquidity, local economic conditions, outside threats and other factors. Banking is generally a business of managing the maturity and repricing mismatch inherent in its asset and liability cash flows to provide net interest income growth consistent with the Company's profit objectives.

During the nine months ended September 30, 2024, the Company was able to produce a net interest margin of 2.40% as compared to 2.56% during the same period in 2023 and continues to manage its overall interest rate risk position.

The Company, through its ALCO and ongoing financial management practices, monitors the interest rate environment in which it operates and adjusts the rates and maturities of its assets and liabilities to remain competitive and to achieve its overall financial objectives subject to established risk limits.

The loan portfolio remained relatively flat in the first nine months of 2024. The re-pricing duration of the loan portfolio was 12 months at September 30, 2024 and December 31, 2023, with fixed rate loans amounting to 40% of total loans at September 30, 2024 and 38% at December 31, 2023. Variable and adjustable rate loans comprised 60% of total loans at September 30, 2024 and 62% at December 31, 2023. Variable rate loans are generally indexed to the Secured Overnight Funding Rate ("SOFR") or the Wall Street Journal prime interest rate, while adjustable rate loans are indexed primarily to the five year U.S. Treasury interest rate.

In the current and expected future interest rate environment, the Company has maintained its investment portfolio to manage the balance between yield and risk in its portfolio of MBS. Further, the Company has been principally collecting cash flows from the investment portfolio to provide liquidity. At September 30, 2024, the amortized cost less allowance of the investment portfolio decreased by \$172.1 million, or 6.4%, as compared to the balance at December 31, 2023.

Based on amortized cost, the percentage mix of municipal securities was 5% of total investments at September 30, 2024 and December 31, 2023. The portion of the portfolio invested in MBS was 60% at September 30, 2024 and December 31, 2023. The portion of the portfolio invested in U.S. agency investments was 27% at September 30, 2024 and December 31, 2023. Corporate bonds made up 5% of total investments at September 30, 2024 and December 31, 2023. U.S. treasury bonds were 2% of total investments at September 30, 2024 and December 31, 2023. The duration of the investment portfolio decreased to 4 years at September 30, 2024 from 4.4 years at December 31, 2023.

At September 30, 2024, \$80.3 million of corporate bonds were subordinated debt from other financial institutions. Corporate bonds generally, and subordinated debt in particular, pose credit risk such that if any of these issuers were to enter bankruptcy or insolvency proceedings, we could experience losses that may be material to operating results and our financial condition. We may also experience increases in provisions for credit losses, adversely affecting our net income, if the creditworthiness of the issuers declines, whether due to idiosyncratic factors, economic conditions generally or other unforeseen factors or events.

The Company has credit risk participation agreements ("RPAs") with institutional counterparties, under which the Company assumes its pro-rata share of the credit exposure associated with a borrower's performance related to interest rate derivative contracts. The fair value of RPAs is calculated by determining the total expected asset or liability exposure of the derivatives to the borrowers and applying the borrowers' credit spread to that exposure. Total expected exposure incorporates both the current and potential future exposure of the derivatives, derived from using observable inputs, such as yield curves and volatilities. These derivatives are not designated as hedges, are not speculative and have an asset position with a notional value of \$49.5 million as of September 30, 2024. The changes in fair value for these contracts are recognized directly in earnings.

The duration of the total deposit portfolio decreased, measuring 22 months at September 30, 2024 and 28 months at December 31, 2023. The Company experienced a total deposit decrease of \$267.2 million for the nine months ended September 30, 2024 as compared to a total loan increase of \$1.6 million for the same period. The funding mix has continued to change in the nine months ended September 30, 2024. The decrease in deposits was primarily attributable to a \$669.3 million decrease in noninterest bearing demand deposits, partially offset by a \$493.4 million increase in time deposits. These deposit changes were the result of a decline in deposits from a third party payment processor related to the fluctuations in deposit levels resulting from its business, as well as declines in some public and brokered fundings, partially offset by growth in time deposits from the company's digital acquisition channel. During the nine months ended September 30, 2024, the Company's cost of interest bearing deposits increased by 13 basis points across its interest-bearing deposits, which comprise 81.2% of its total deposits at September 30, 2024.

The net unrealized loss before income tax on the investment securities available-for-sale portfolio was \$117.0 million and \$162.0 million at September 30, 2024 and December 31, 2023, respectively. At September 30, 2024, the net unrealized loss position represented 7.55% of the investment portfolio's book value.

Management relies on the use of models in order to measure the expected future impact on interest income of various interest rate environments, as described above. Through its modeling, the Company makes certain estimates that may vary from actual results. There can be no assurance that the Company will be able to successfully achieve its optimal asset liability mix, given competitive pressures, customer preferences and the inability to forecast future interest rates and movements with complete accuracy.

Market rates have been stable in the first nine months of 2024 since (i) the last short-term interest rate increase from the Federal Reserve was instituted in July 2023, and (ii) during the nine months ended September 2024, the Federal Reserve instituted only one adjustment to interest rates at the end of September 2024, as a decrease of 50 basis points, amid changes in the economic outlook indicating that inflation is moderating and the labor market is weakening. The decrease in interest rates was the first decrease since early 2020 which was a period of economic upheaval due to the Covid pandemic. While yields on interest-earning assets remain at increased levels, including the impact of the reset of variable and adjustable rate loans, as scheduled, our cost of funds on interest-bearing liabilities has also increased in connection with increased utilization of interest-bearing deposits and borrowings and increasing rates on those financing sources. As a result, the net interest margin has declined slightly, as compared to the two previous quarters.

Our rate risk modeling showed very modest net interest margin expansion in an interest rate environment at increased interest rate levels while showing modest net interest margin compression in a declining interest rate environment. The model's prediction in a rising rate environment is the result of increases in both interest income on variable and adjustable rate loans and interest expense on its deposit liabilities, based on our funding needs, market conditions and certain contractual obligations but with no changes in the mix of assets or liabilities or the spreads we are able to earn. The opposite is true in a falling interest rate environment as decreases in both interest income on variable and adjustable rate loans and interest expense on deposit liabilities drive modest margin compression. The model also assumes a stable interest rate environment after the programmed changes in the yields, which assumes repricing of assets and liabilities as scheduled in a stable interest rate environment, which may be quite different than real world conditions.

Interest rate floors on certain of the Company's variable and adjustable rate loans may provide asset yield protection in a low-interest rate environment; however, they are also expected to delay the impact of increases to market rates on interest income until such floors have been exceeded. In the first nine months of 2024, interest rate floors have not been relevant in the current interest rate environment since most variable rate loans are well above their floor rate. Nevertheless, the most recent interest rate cut of 50 basis points instituted by the Federal Reserve at the end of September 2024, is a sign of changes in the economic outlook which may result in additional adjustments to interest rates as the economic outlook continues to evolve.

At September 30, 2024, the Company had a portfolio of \$4.8 billion of variable and adjustable rate loans that were subject to interest rate floors with a weighted average rate of 7.48%, which was a 34 bps increase from December 31, 2023. At September 30, 2024, \$187.8 million, or 2.36%, of loans held by the Company were earning interest at their floor rate.

The Company employs an earnings simulation model (immediate parallel shifts along the yield curve) on a quarterly basis to monitor its interest rate sensitivity and risk and to model its balance sheet cash flows and the related income statement effects in different interest rate scenarios. The model utilizes current balance sheet data and attributes and is adjusted for assumptions as to investment maturities (including prepayments), loan prepayments, interest rates, deposit decay rates, and the level of noninterest income and noninterest expense. Further discussion of the limitations of this analysis are listed below and in the risk factors and other cautionary language included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, and in other periodic and current reports filed by the Company with the SEC.

The data is then subjected to a "shock test" which assumes a simultaneous change in interest rates up 100, 200, 300, and 400 basis points or down 100, 200, and 300 basis points, along the entire yield curve, but not below zero. The results are analyzed as to the impact on net interest income, earnings and the market equity over the next twelve and twenty-four month periods from September 30, 2024. In addition to analysis of simultaneous changes in interest rates along the yield curve, an analysis of changes based on interest rate "ramps" is also performed. Such analysis represents the impact of a more gradual change in interest rates, as well as yield curve shape changes.

For the analysis presented below, at September 30, 2024, the simulation assumes a 100 basis point change in interest rates on interest bearing deposits for each 100 basis point change in market interest rates in a decreasing interest rate shock scenario with a floor of 10 basis points and assumes a 100 basis point change in interest rates on interest bearing deposits for each 100 basis point change in market interest rates in an increasing interest rate shock scenario. The Bank does have deposits with contractual terms which means these deposits will change 100 basis points for every 100 basis points change in market rates. Thus, the overall measure of the correlation between deposit costs and market rate changes is modeled at 100%. The Company utilized the same assumptions for its analysis at December 31, 2023.

Because competitive market behavior does not necessarily track the trend of interest rates but at times moves ahead of financial market influences, the change in the cost of liabilities may be different than anticipated by the interest rate risk model. If this were to occur, the effects of a rising or declining interest rate environment may not be in accordance with management's expectations.

As quantified in the table below, the Company's analysis at September 30, 2024 shows a moderate effect on net interest income (over the next 12 months) as well as the effect on the economic value of equity when interest rates are shocked down 100, 200, and 300 basis points and up 100, 200, 300, and 400 basis points. This moderate impact is due substantially to the significant level of variable rate and repriceable assets and liabilities and related shorter relative durations. At September 30, 2024, the repricing duration of the (a) investment portfolio was 4.0 years, (b) loan portfolio was 1.0 year, (c) interest bearing deposit portfolio was 1.3 years, and (d) the borrowed funds portfolio was 0.3 years.

The following table reflects the result of simulation analysis on the September 30, 2024 asset and liabilities balances:

Change in interest rates (basis points)	Percentage change in net interest income	Percentage change in net income	Percentage change in market value of portfolio equity
+ 400	2.2%	5.4%	9.4%
+ 300	1.3%	3.3%	21.6%
+ 200	0.4%	1.2%	15.1%
+ 100	(0.4)%	(0.9)%	8.3%
—	—	—	—
-100	(1.4)%	(3.3)%	(4.9)%
-200	(1.8)%	(4.2)%	(9.6)%
-300	(1.9)%	(4.5)%	(21.4)%

The results of the simulation are within the relevant policy limits adopted by the Company for percentage change in net interest income. For net interest income, the Company has adopted a policy limit of -10% for a 100 basis point change, -12% for a 200 basis point change, -18% for a 300 basis point change, and -24% for a 400 basis point change. For the market value of equity, the Company has adopted a policy limit of -12% for a 100 basis point change, -15% for a 200 basis point change, -25% for a 300 basis point change, and -30% for a 400 basis point change.

The impact on net interest income and net income of (1.4)% and (3.3)%, respectively, given a 100 basis point decrease in market interest rates at September 30, 2024 compares to increases of 0.9% and 2.0%, respectively, for the same period in 2023, and reflects in large measure the beta factor discussion above. The analysis at the end of the first nine months of 2024 compared to the first nine months of 2023, showed that in an environment of increasing rates the continued increase in income is dependent on rate increases, which are passed through to borrowers basis point for basis point, as opposed to the prior year where our model suggested rising rates would not be fully passed on to depositors. The changes in net interest income, net income and the economic value of equity in higher interest rate shock scenarios at September 30, 2024 are not believed to be excessive.

Certain shortcomings are inherent in the method of analysis presented in the foregoing table. For example, although certain assets and liabilities may have similar maturities or repricing periods, they may react in different degrees to changes in market interest rates. Also, the interest rates on certain types of assets and liabilities may fluctuate in advance of changes in market interest rates, while interest rates on other types may lag behind changes in market rates. Additionally, certain assets, such as adjustable-rate mortgage loans, have features that limit changes in interest rates on a short-term basis and over the life of the loan. Further, in the event of a change in interest rates, prepayment and early withdrawal levels could deviate significantly from those assumed in calculating the tables. Finally, the ability of many borrowers to service their debt may decrease in the event of a significant interest rate increase.

While an instantaneous parallel shift in interest rates was used in this analysis to provide an estimate of exposure under these scenarios, we believe that a non-immediate parallel shifts in interest rates would have a more modest impact. Further, the earnings simulation model does not take into account factors such as future balance sheet growth, changes in product mix, changes in yield curve relationships, the various rate indexes do not move in parallel (e.g. SOFR, Fed Funds), hedging activities we might take and changing product spreads that could mitigate any potential beneficial or adverse impact of changes in interest rates.

Another key factor to consider is the behavior of our deposit portfolio in the baseline forecast and in alternate interest rate scenarios set out in the table above is a key assumption in our projected estimates of net interest income. The projected impact on net interest income in the table above assumes no change in deposit portfolio size or mix from the baseline forecast in alternative rate environments. In higher rate scenarios, any customer activity resulting in the replacement of low-cost or noninterest-bearing deposits with higher-yielding deposits or market-based funding would reduce the assumed benefit of those deposits. The projected impact on net interest income in the table above also assumes a "through-the-cycle" non-maturity deposit beta which may not be an accurate predictor of actual deposit rate changes realized in scenarios of smaller and/or non-parallel interest rate movements.

Each of the above analyses may not, on its own, be an accurate indicator of how our net interest income will be affected by current and future changes in interest rates. Income associated with interest-earning assets and costs associated with interest-bearing liabilities may not be affected uniformly by changes in interest rates. In addition, the magnitude and duration of changes in interest rates may have a significant impact on net interest income. For example, although certain assets and liabilities may have similar maturities or periods of repricing, they may react to different degrees to changes in market interest rates. Interest rates on certain types of assets and liabilities fluctuate in advance of changes in general market rates, while interest rates on other types may lag behind changes in general market rates. In addition, certain assets, such as adjustable-rate mortgage loans, have features (generally referred to as interest rate caps and floors) that limit changes in interest rates. Prepayment and early withdrawal levels also could deviate significantly from those assumed in calculating the maturity of certain instruments. The ability of many borrowers to service their debts also may decrease during periods of rising interest rates. ALCO reviews each of the above interest rate sensitivity analyses along with several different interest rate scenarios as part of its responsibility to provide a satisfactory, consistent level of profitability within the framework of established liquidity, loan, investment, borrowing and capital policies.

Use of Non-GAAP Financial Measures

The information set forth below contains certain financial information determined by methods other than in accordance with GAAP. These non-GAAP financial measures are "tangible common equity," "tangible book value per common share," "tangible common equity ratio," "average tangible common equity," "annualized return on average tangible common equity," "operating annualized return on average tangible common equity," "efficiency ratio," "operating efficiency ratio," "operating noninterest expense," "operating revenue," "pre-provision net revenue," "operating pre-provision net revenue," "operating net income," and "operating earnings per share (diluted)." The Company considers these non-GAAP measurements useful for investors, regulators, management and others to evaluate capital adequacy and to compare against other financial institutions. Management uses these non-GAAP measures in its analysis of our performance because it believes these measures are used as a measure of our performance by investors.

The Company calculates the tangible common equity ratio by excluding the balance of intangible assets from common shareholders' equity, or tangible common equity, and dividing by tangible assets. The Company calculates tangible book value per common share by dividing tangible common equity by common shares outstanding, as compared to book value per common share, which the Company calculates by dividing common shareholders' equity by common shares outstanding. The Company calculates the ROATCE by dividing net income available to common shareholders by average tangible common equity which is calculated by excluding the average balance of intangible assets from the average common shareholders' equity. The Company calculates operating ROATCE by dividing operating net income available to common shareholders by average tangible common equity which is calculated by excluding the average balance of intangible assets from the average common shareholders' equity. The Company considers this information important to shareholders as tangible equity is a measure that is consistent with the calculation of capital for bank regulatory purposes, which excludes intangible assets from the calculation of risk based ratios, and as such is useful for investors, regulators, management and others to evaluate capital adequacy and to compare against other financial institutions.

The Company calculates the efficiency ratio by dividing noninterest expense by the sum of net interest income and noninterest income. The operating efficiency ratio is calculated by first subtracting from noninterest expense the one-time goodwill impairment of \$104.2 million recorded in the second quarter of 2024, as applicable, and then by dividing the operating noninterest expense by the sum of net interest income and noninterest income. The efficiency ratio and the operating efficiency ratio measures a bank's overhead as a percentage of its revenue. The Company believes that reporting the non-GAAP efficiency ratio and the non-GAAP operating efficiency ratio more closely measures its effectiveness of controlling operational activities.

Operating noninterest expense is a non-GAAP financial measure derived from GAAP based amounts. The Company calculates operating noninterest expense by subtracting from noninterest expense the one-time goodwill impairment of \$104.2 million recorded in the second quarter of 2024, as applicable. During the three months ended June 30, 2024, Management determined that a triggering event had occurred as a result of the Company's sustained decrease in the Company's stock price. Management performed an interim quantitative impairment test, resulting in the impairment charge on its only reporting unit as of May 31, 2024 and determined that goodwill had become fully impaired, which resulted in an impairment charge of \$104.2 million to reduce fully the carrying value of the Company's goodwill. The Company considers the adjusted metric information that is important to shareholders because the impairment charge was a one-time event that occurred during the second quarter of

2024. The operating noninterest expense allows investors to better compare the Company's performance against historical periods.

The Company calculates pre-provision net revenue by subtracting noninterest expense from the sum of net interest income and noninterest income. The operating pre-provision net revenue is calculated by first subtracting from noninterest expense the one-time goodwill impairment of \$104.2 million recorded in the second quarter of 2024, as applicable, and then by subtracting the operating noninterest expense from the sum of net interest income and noninterest income. The Company considers this information important to shareholders because it illustrates revenue excluding the impact of provisions and reversals to the ACL on loans.

These disclosures should not be considered in isolation or as a substitute for results determined in accordance with GAAP and are not necessarily comparable to non-GAAP performance measures which may be presented by other bank holding companies. Management compensates for these limitations by providing detailed reconciliations between GAAP information and the non-GAAP financial measures.

The following tables reconcile the GAAP financial measures to the associated non-GAAP financial measures:

(dollars in thousands except per share data)	September 30, 2024	December 31, 2023
Common shareholders' equity	\$ 1,225,424	\$ 1,274,283
Less: Intangible assets	(21)	(104,925)
Tangible common equity	\$ 1,225,403	\$ 1,169,358
Book value per common share	\$ 40.61	\$ 42.58
Less: Intangible book value per common share	—	(3.50)
Tangible book value per common share	\$ 40.61	\$ 39.08
Total assets	\$ 11,285,052	\$ 11,664,538
Less: Intangible assets	(21)	(104,925)
Tangible assets	\$ 11,285,031	\$ 11,559,613
Tangible common equity ratio	10.86 %	10.12 %

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Average common shareholders' equity	\$ 1,201,477	\$ 1,235,162	\$ 1,251,404	\$ 1,240,574
Less: Average intangible assets	(24)	(104,639)	(67,941)	(104,366)
Average tangible common equity	\$ 1,201,453	\$ 1,130,523	\$ 1,183,463	\$ 1,136,208
Net income (loss) available to common shareholders	\$ 21,815	\$ 27,383	\$ (62,325)	\$ 80,309
Average tangible common equity	1,201,453	1,130,523	1,183,463	1,136,208
Annualized return on average tangible common equity	7.22 %	9.61 %	(7.03)%	9.45 %
Net income (loss)	\$ 21,815	\$ 27,383	\$ (62,325)	\$ 80,309
Add back of goodwill impairment	—	—	104,168	—
Operating net income (Non-GAAP)	\$ 21,815	\$ 27,383	\$ 41,843	\$ 80,309
Operating annualized return on average tangible common equity (Non-GAAP)	7.22 %	9.61 %	4.72 %	9.45 %

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net interest income	\$ 71,843	\$ 70,719	\$ 217,894	\$ 217,554
Noninterest income	6,951	6,347	15,872	18,642
Operating revenue	78,794	77,066	233,766	236,196
Noninterest expense	43,614	37,633	230,102	116,195
Exclude goodwill impairment	—	—	(104,168)	—
Operating noninterest expense (Non-GAAP)	43,614	37,633	125,934	116,195
Efficiency ratio	55.35 %	48.83 %	98.43 %	49.19 %
Operating efficiency ratio (Non-GAAP)	55.35 %	48.83 %	53.87 %	49.19 %
Net interest income	\$ 71,843	\$ 70,719	\$ 217,894	\$ 217,554
Noninterest income	6,951	6,347	15,872	18,642
Operating revenue	78,794	77,066	233,766	236,196
Noninterest expense	43,614	37,633	230,102	116,195
Pre-provision net revenue	35,180	39,433	3,664	120,001
Add back of goodwill impairment	—	—	104,168	—
Operating pre-provision net revenue (Non-GAAP)	\$ 35,180	\$ 39,433	\$ 107,832	\$ 120,001

Operating net (loss) income and operating (loss) earnings per share (diluted) are non-GAAP financial measures derived from GAAP based amounts. The Company calculates operating net (loss) income by excluding from net (loss) income the one-time goodwill impairment of \$104.2 million recorded in the second quarter of 2024, as applicable. During the three months ended June 30, 2024, Management determined that a triggering event had occurred as a result of the share price trading under book value for more than four quarters. Management performed an interim quantitative impairment test as of May 31, 2024, and determined that goodwill had become fully impaired, resulting in the impairment charge on its only reporting unit, of \$104.2 million to reduce fully the carrying value of the Company's goodwill. The Company calculates operating (loss) earnings per share (diluted) by dividing net (loss) income, excluding the one-time goodwill impairment of \$104.2 million recorded in the second quarter of 2024, as applicable, by the weighted average shares outstanding (diluted) for the three and nine months ended September 30, 2024, as applicable. The Company considers this information important to shareholders because operating net (loss) income and operating (loss) earnings per share (diluted) provides investors insight into how Company earnings changed exclusive of the impairment charge to allow investors to better compare the Company's performance against historical periods.

The table below provides a reconciliation of operating net (loss) income and operating (loss) earnings per share (diluted) to the nearest GAAP measure.

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net (loss) income	\$ 21,815	\$ 27,383	\$ (62,325)	\$ 80,309
Add back of goodwill impairment	—	—	104,168	—
Operating net income (Non-GAAP)	\$ 21,815	\$ 27,383	\$ 41,843	\$ 80,309
(Loss) earnings per share (diluted) ⁽¹⁾	\$ 0.72	\$ 0.91	\$ (2.07)	\$ 2.63
Add back of goodwill impairment per share (diluted)	—	—	3.46	—
Operating earnings per share (diluted) (Non-GAAP)	\$ 0.72	\$ 0.91	\$ 1.39	\$ 2.63

⁽¹⁾ For periods ended with a net loss, anti-dilutive financial instruments have been excluded from the calculation of earnings per share (diluted). Operating earnings per share (diluted) calculations include the impact of outstanding equity-based awards for all periods.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Please refer to Item 2 of this report, "Management's Discussion and Analysis of Financial Condition and Results of Operations," under the caption "Asset/Liability Management and Quantitative and Qualitative Disclosure about Market Risk."

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. The Company's management, under the supervision and with the participation of the Chief Executive Officer, Executive Chairman and Chief Financial Officer, evaluated, as of the last day of the period covered by this report, the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act. Based on that evaluation, the Chief Executive Officer, Executive Chairman and the Chief Financial Officer concluded that the Company's disclosure controls and procedures as of September 30, 2024 were effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported as and when required and that it is accumulated and communicated to our management, including the Chief Executive Officer, Executive Chairman and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting. There were no changes in our internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) that occurred during the third quarter of 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Refer to "Note 13. Legal Contingencies" of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

We are subject to various risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, which could adversely affect our business, financial performance and results of operations. There have been no material changes to our risk factors from those risks included in our Annual Report on Form 10-K.

ITEM 2. - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

<u>4.1</u>	Indenture, dated as of September 30, 2024, between Eagle Bancorp, Inc. and Wilmington Trust, National Association, as Trustee
4.2	Form of 10.00% Senior Notes due 2029 (included in Exhibit 4.1)
<u>4.3</u>	Registration Rights Agreement, dated as of September 30, 2024, by and among Eagle Bancorp, Inc. and the Purchasers
<u>10.1</u>	Form of Senior Note Purchase Agreement, dated as of September 30, 2024, by and among Eagle Bancorp, Inc. and the Purchasers
<u>31.1</u>	Certification of Susan G. Riel
<u>31.2</u>	Certification of Eric R. Newell
<u>31.3</u>	Certification of Norman R. Pozez
<u>32.1</u>	Certification of Susan G. Riel
<u>32.2</u>	Certification of Eric R. Newell
<u>32.3</u>	Certification of Norman R. Pozez
101	Interactive data files pursuant to Rule 405 of Regulation S-T:
	(i) Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023
	(ii) Consolidated Statement of Operations for the three and nine months ended September 30, 2024 and 2023
	(iii) Consolidated Statement of Comprehensive (Loss) Income for the three and nine months ended September 30, 2024 and 2023
	(iv) Consolidated Statement of Changes in Shareholders' Equity for the three and nine months ended September 30, 2024 and 2023
	(v) Consolidated Statement of Cash Flows for the nine months ended September 30, 2024 and 2023
	(vi) Notes to the Consolidated Financial Statements
104	The cover page of this Quarterly Report on Form 10-Q, formatted in Inline XBRL

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EAGLE BANCORP, INC.

Date: November 7, 2024

By: /s/ Susan G. Riel

Susan G. Riel, President and Chief Executive Officer of the Company

Date: November 7, 2024

By: /s/ Eric R. Newell

Eric R. Newell, Executive Vice President and Chief Financial Officer of the Company

EAGLE BANCORP, INC.,
as Issuer

10.00% Senior Notes due 2029

INDENTURE

Dated as of September 30, 2024

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

**Reconciliation and tie between Trust Indenture Act
of 1939 and Indenture, dated as of September 30, 2024**

Trust Indenture Act Section	Indenture Section
§ 310 (a)(1)	608
(a)(2)	608
(a)(3)	N.A.
(a)(4)	N.A.
(b)	605, 609
(c)	N.A.
§ 311 (a)	605
(b)	605
(c)	N.A.
§ 312 (a)	701
(b)	701
(c)	702
§ 313 (a)	703
(a)(4)	703
(b)(1)	N.A.
(b)(2)	703
(c)(1)	703
(c)(2)	703
(d)	N.A.
§ 314 (a)	1007
(b)	N.A.
(c)(1)	103
(c)(2)	103
(c)(3)	N.A.
(d)	N.A.
(e)	103
(f)	N.A.
§ 315 (a)	601
(b)	602
(c)	601
(d)	601
(e)	515
§ 316 (a)(last sentence)	102 ("Outstanding")
(a)(1)(A)	502, 512
(a)(1)(B)	513
(a)(2)	N.A.
(b)	508
(c)	105
§ 317 (a)(1)	503
(a)(2)	504
(b)	1003
§ 318 (a)	115

¹ This reconciliation and tie shall not, for any purpose, be deemed to be a part of this Indenture.

N.A. means Not Applicable

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v

INDENTURE dated as of September 30, 2024, between EAGLE BANCORP, INC., a Maryland corporation, (the *Company*"), and Wilmington Trust, National Association, a national banking association organized under the laws of the United States, as Trustee.

RECITALS

The Company has duly authorized the creation of an issue of (i) 10.00% Senior Notes due 2029 issued on the date hereof (the *Initial Notes*) and (ii) if and when issued as required by the Registration Rights Agreement dated the date hereof, among the Company and the Purchasers, 10.00% Senior Notes due 2029 issued in an Exchange Offer in exchange for any Initial Notes, of substantially the tenor and amount hereinafter set forth, and to provide therefor the Company has duly authorized the execution and delivery of this Indenture.

All things necessary have been done to make the Notes, when executed by the Company and authenticated and delivered hereunder and duly issued by the Company, the valid and legally binding obligations of the Company and to make this Indenture a valid and legally binding agreement of the Company, in accordance with their and its terms.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, it is mutually covenanted and agreed, for the equal and ratable benefit of all Holders, as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 11. Rules of Construction and Incorporation by Reference of Trust Indenture Act For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this Article One have the meanings assigned to them in this Article One, and words in the singular include the plural and words in the plural include the singular;
- (2) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;
- (3) all references to Articles, Sections, Exhibits and Appendices shall be construed to refer to Articles and Sections of, and Exhibits and Appendices to, this Indenture;
- (4) "including" means including without limitation;

(5) all references to the date the Notes were originally issued shall refer to the Issue Date;

(6) all references, in any context, to any interest or other amount payable on or with respect to the Notes shall be deemed to include any Additional Interest (as herein defined) pursuant to a Registration Rights Agreement; and

(7) the phrase "in writing" as used herein shall be deemed to include facsimile, .pdf attachments and other electronic means of transmission, unless otherwise indicated.

This Indenture is subject to the mandatory provisions of the TIA (as herein defined) which are incorporated by reference in and made a part of this Indenture. The following TIA terms have the following meanings:

- (1) "Commission" means the SEC;
- (2) "indenture securities" means the Notes;
- (3) "indenture security holder" means a Holder;
- (4) "indenture to be qualified" means this Indenture;
- (5) "indenture trustee" or "institutional trustee" means the Trustee; and
- (6) "obligor" on the Notes means the Company and any successor obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

Section 12. Definitions

"Act," when used with respect to any Holder, has the meaning specified in Section 105 of this Indenture.

"Additional Interest" means all additional interest then owing pursuant to a Registration Rights Agreement.

"Additional Notes" means any Notes issued by the Company pursuant to Section 312 of this Indenture.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified

Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"*Appendix*" has the meaning specified in Section 201 of this Indenture.

"*Authenticating Agent*" has the meaning specified in Section 613 of this Indenture.

"*Bankruptcy Law*" means Title 11, United States Bankruptcy Code of 1978, as amended, or any similar United States federal or state or foreign law relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law.

"*Board of Directors*" means:

- (1) with respect to a corporation, the board of directors of the corporation;
- (2) with respect to a partnership, the board of directors of the general partner of the partnership; and
- (3) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Board Resolution*" means, with respect to the Company, a duly adopted resolution of the Board of Directors of the Company or any committee thereof.

"*Business Day*" means each day that is not a Legal Holiday.

"*Certificated Notes*" has the meaning specified in the Appendix.

"*Company*" means the Person named as the "Company" in the first paragraph of this Indenture, until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter, "*Company*" shall mean such successor Person.

"*Company Request*" or "*Company Order*" means a written request or order signed in the name of the Company by any Officer, and delivered to the Trustee or Paying Agent, as applicable.

"*Corporate Trust Office*" means the principal corporate trust office of the Trustee, at which at any particular time its corporate trust business relating to this Indenture shall be principally administered, which office at the date of execution of this Indenture is located at 277 Park Avenue, 25th Floor, New York, NY 10172, Attn: Eagle Bancorp, Inc. Administrator, except that solely with respect to presentation of the Notes for payment or for registration of transfer or exchange, such term shall mean 1100 North Market Street, Wilmington, Delaware 19890, Attention: Workflow Management - 5th Floor.

"corporation" includes corporations, associations, partnerships, limited liability companies, companies and business trusts.

"Covenant Defeasance" has the meaning specified in Section 1203 of this Indenture.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Defaulted Interest" has the meaning specified in Section 306.b) of this Indenture.

"Depository" means The Depository Trust Company, its nominees and their respective successors.

"Event of Default" has the meaning specified in Section 501 of this Indenture.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Notes" has the meaning specified in the Appendix.

"Exchange Offer" means the Exchange Offer as defined in the applicable Registration Rights Agreement.

"Exchange Offer Registration Statement" means the Exchange Offer Registration Statement as defined in the applicable Registration Rights Agreement.

"Global Notes" has the meaning specified in the Appendix.

"Government Securities" means securities that are

(a) direct obligations of the United States for the timely payment of which its full faith and credit is pledged; or

(b) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States,

which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities, or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

"*guaranteee*" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations, and, when used as a verb, shall have a corresponding meaning.

"*Holder*" means the Person in whose name a Note is registered on the books of the Note Registrar.

"*Indenture*" means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this Indenture and any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be part of and govern this instrument and any such supplemental indenture, respectively.

"*Initial Notes*" has the meaning stated in the first recital of this Indenture.

"*Interest Payment Date*" means March 30 and September 30, commencing on March 30, 2025.

"*Intermediate Subsidiary*" means a Subsidiary (i) that is organized under the laws of the United States, any state thereof or the District of Columbia, and (ii) of which each class of Voting Stock issued and outstanding, and all securities convertible into, and options, warrants and rights to subscribe for or purchase, such Voting Stock, are owned directly by the Company or by another Intermediate Subsidiary free and clear of any security interest.

"*Issue Date*" means September 30, 2024.

"*Legal Defeasance*" has the meaning specified in Section 1202 of this Indenture.

"*Legal Holiday*" means a Saturday, a Sunday or a day on which banking institutions in New York City or the Corporate Trust Office are authorized or required by law, regulation or executive order to close.

"*Maturity*", when used with respect to any Note, means the date on which the principal of such Note or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, notice of redemption or otherwise.

"*Note Register*" and "*Note Registrar*" have the respective meanings specified in Section 304.

"*Notes*" means any 10.00% Senior Notes due 2029 of the Company authenticated and delivered under this Indenture. The Initial Notes and any Additional Notes, and any Exchange Notes issued in exchange for the Initial Notes and any Additional Notes, shall be treated as a single class for all purposes of this Indenture, including waivers, amendments, redemptions and offers to purchase, and shall vote and consent together as one class on all matters with respect to the Notes (except that any series of Notes that is not fungible with the Initial Notes for U.S.

Federal income tax purposes shall be treated for purposes of provisions of this Indenture relating to transfer and exchange as a separate class that does not trade fungibly with Notes that have differing treatment under U.S. Federal income tax law and shall be assigned a different CUSIP or other identification number), and unless the context otherwise requires, all references to the Notes shall include the Initial Notes, any Additional Notes and the Exchange Notes issued in exchange for the Initial Notes and any Additional Notes.

"Officer" means the President, the Chief Executive Officer, the Chief Financial Officer, and any Executive Vice President of the Company.

"Officer's Certificate" means a certificate signed on behalf of the Company by an Officer of the Company that meets the requirements set forth in this Indenture and the TIA.

"Opinion of Counsel" means a written opinion from legal counsel. The counsel may be an employee of or counsel to the Company. Opinions of Counsel required to be delivered under this Indenture may have qualifications customary for opinions of the type required and counsel delivering such Opinions of Counsel may rely on certificates of the Company or government or other officials customary for opinions of the type required, including certificates certifying as to matters of fact, including that various covenants have been complied with.

"Outstanding", when used with respect to Notes, means, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(1) Notes theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(2) Notes, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Notes; *provided* that, if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(3) Notes, except to the extent provided in Section 1202 and Section 1203, with respect to which the Company has effected Legal Defeasance or Covenant Defeasance as provided in Article Twelve; and

(4) Notes which have been paid pursuant to this Indenture or in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to Section 305 of this Indenture, other than any such Notes in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Notes are held by a Protected Purchaser in whose hands the Notes are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Notes have given any request, demand, authorization, direction, consent, notice or waiver hereunder, and for the purpose of making the calculations required by TIA Section 316,

Notes owned by the Company or any other obligor upon the Notes or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in making such calculation or in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded.

"*Paying Agent*" means any Person (including the Company acting as Paying Agent) authorized by the Company to pay the principal of (and premium, if any) or interest on, or any Redemption Price of, any Notes on behalf of the Company.

"*Person*" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"*Place of Payment*", with respect to any Note, means the place or places where the principal of, or any premium or interest on, such Note are payable as provided in or pursuant to this Indenture or such Note.

"*Predecessor Note*" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 305 in exchange for a mutilated Note or in lieu of a lost, destroyed or stolen Note shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"*Principal Subsidiary Bank*" means EagleBank or any other U.S. subsidiary bank of the Company that accepts deposits that the depositor has the legal right to withdraw upon demand and engages in the business of making commercial loans, the consolidated assets of which constitute 20% or more of the Company's consolidated assets.

"*Protected Purchaser*" has the meaning specified in Section 305 of this Indenture.

"*Purchasers*" has the meaning specified in the Appendix.

"*Qualifying Trustee*" has the meaning specified in Section 1205 of this Indenture.

"*Registration Rights Agreement*" has the meaning specified in the Appendix.

"*Regular Record Date*" has the meaning specified in Section 301 of this Indenture.

"*Responsible Officer*", when used with respect to the Trustee, means any officer of the Trustee assigned by the Trustee to administer this Indenture, and also means, with respect to a particular corporate trust matter relating to this Indenture, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject, and who in each case shall have direct responsibility for the administration of this Indenture.

"*SEC*" means the Securities and Exchange Commission.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Shelf Registration Statement*" means the shelf registration statement as defined in the applicable Registration Rights Agreement.

"*Special Record Date*" for the payment of any Defaulted Interest means a date fixed by the Company pursuant to Section 306.

"*Stated Maturity*" means, with respect to any security, the date specified in the agreement governing or certificate relating to such Indebtedness as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but not including any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subsidiary*" means (i) any corporation at least a majority of whose outstanding Voting Stock is at the time owned, directly or indirectly, by the Company or by one or more of its Subsidiaries, or by the Company and one or more of its Subsidiaries, (ii) any general partnership, limited liability company, joint venture or similar entity, at least a majority of whose outstanding partnership, membership or similar interests is at the time owned by the Company or by one or more of its Subsidiaries, or by the Company and one or more of its Subsidiaries, and (iii) any limited partnership of which the Company or any of its Subsidiaries is a general partner.

"*Trust Indenture Act*" or "*TIA*" means the Trust Indenture Act of 1939 as in force at the date as of which this Indenture was executed, except as provided in Section 905.

"*Trustee*" means Wilmington Trust, National Association, until a successor replaces it and, thereafter, means the successor.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code as in effect from time to time.

"*Voting Stock*", as applied to stock of any Person, means shares, interests, participations or other equivalents in the equity interest (however designated) in such Person having ordinary voting power for the election of a majority of the directors (or the equivalent) of such Person, other than shares, interests, participations or other equivalents having such power only by reason of the occurrence of a contingency.

Section 13. *Compliance Certificates and Opinions.* Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee such certificates and opinions as may be required under the TIA. Each such certificate or opinion shall be given in the form of an Officer's Certificate (signed by two Officers if required by the TIA), if to be given by an Officer of the Company, or an Opinion of Counsel, if to be given by counsel, and shall in each case comply with the requirements of the TIA and any other requirements set forth in this Indenture.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than pursuant to Section 1006(a) of this Indenture or Section 314(a)(4) of the TIA) shall include:

- (1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (3) a statement that, in the opinion of each such individual, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 14. Form of Documents Delivered to Trustee In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such Officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Officer or Officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 15. Acts of Holders Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof

of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his or her individual capacity, such certificate or affidavit shall also constitute sufficient proof of authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner that the Trustee deems sufficient.

The principal amount and serial numbers of Notes held by any Person, and the date of holding the same, shall be proved by the Note Register.

If the Company shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to a Board Resolution, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. Notwithstanding TIA Section 316(c), such record date shall be a date not earlier than the date 30 days prior to the first solicitation of Holders generally in connection therewith and not later than the date such solicitation is completed. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act whether or not such Holders remain Holders after such record date, and for that purpose the Outstanding Notes shall be computed as of such record date; *provided* that no such authorization, agreement or consent by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than eleven months after the record date. Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Note.

Without limiting the foregoing, a Holder entitled to take any action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents, each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or action taken by a Holder or its agents with regard to different parts of such principal amount pursuant to

this paragraph shall have the same effect as if given or taken by separate Holders of each such different part.

Without limiting the generality of the foregoing, a Holder, including the Depository that is the Holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders, and the Depository that is the Holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in any such Global Note through such depositary's standing instructions and customary practices.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Persons who are beneficial owners of interests in any Global Note held by the Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders.

Section 16. Notices, Etc., to Trustee, Company and Agent Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at 277 Park Avenue, 25th Floor, New York, NY 10172 Attn: Eagle Bancorp, Inc. Administrator, its Corporate Trust Office, or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, or delivered by recognized overnight courier, to the Company addressed to it at Eagle Bancorp Inc., 7830 Old Georgetown Road, Third Floor, Bethesda, Maryland 20814; Attention: Chief Financial Officer, or at any other address previously furnished in writing to the Trustee by the Company. The Company or the Trustee by written notice to the others may designate additional or different addresses for subsequent notices or communications.

(3) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, pdf, facsimile transmission or other similar unsecured electronic methods. If the Company elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Company agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk or interception and misuse by third parties.

Section 17. **Notice to Holders: Waiver.** Where this Indenture provides for notice of any event to Holders by the Company or the Trustee, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at her, his or its address as it appears in the Note Register, within the time prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Notices given by publication shall be deemed given on the first date on which publication is made and notices given by first-class mail, postage prepaid, shall be deemed given five calendar days after mailing.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Notwithstanding any other provision of this Indenture or any Note, subject to the requirements of the TIA, where this Indenture or any Note provides for notice of any event (including any notice of redemption) to any Holder of an interest in a Global Note (whether by mail or otherwise), such notice shall be sufficiently given if given to the Depository or any other applicable depositary for such Global Note (or its designee) according to the applicable procedures of the Depository or such depositary.

Section 18. **Effect of Headings and Table of Contents.** The Article and Section headings herein, the Table of Contents and the reconciliation and tie between the TIA and this Indenture are for convenience of reference only, are not intended to be considered a part hereof and shall in no way affect the construction of, or modify or restrict, any of the terms or provisions hereof.

Section 19. **Successors and Assigns.** All agreements of the Company in this Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

Section 110. **Separability Clause.** In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 111. **Benefits of Indenture.** Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto, any Paying Agent, any Note Registrar and their successors hereunder and the Holders any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 112. **Governing Law; Jury Trial Waiver; Consent to Jurisdiction.** This Indenture and the Notes shall be governed by and construed in accordance with the laws of the State of New York. This Indenture is subject to the provisions of the Trust Indenture Act that are

required to be part of this Indenture and shall, to the extent applicable, be governed by such provisions.

EACH OF THE COMPANY, THE HOLDERS AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTION CONTEMPLATED HEREBY.

In relation to any legal action or proceedings arising out of or in connection with this Indenture and the Notes, the Company hereby irrevocably submit to the non-exclusive jurisdiction of the U.S. federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States of America.

Section 113. Legal Holidays. In any case where any Interest Payment Date, Redemption Date or Stated Maturity or Maturity of any Note shall be a Legal Holiday, then (notwithstanding any other provision of this Indenture or of the Notes) payment of principal (or premium, if any) or interest need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date, Redemption Date, or at the Stated Maturity or Maturity; *provided* that no interest shall accrue for purposes of such payment for the period from and after such Interest Payment Date, Redemption Date, Stated Maturity or Maturity, as the case may be.

Section 114. No Personal Liability of Directors, Officers, Employees and Stockholders No director, officer, employee, incorporator or stockholder of the Company shall have any liability for any obligations of the Company under the Notes, this Indenture, or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Section 115. Trust Indenture Act Controls. Upon qualification of this Indenture under the TIA, if any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the provision required by the TIA shall control. If any provision of this Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or excluded, as the case may be.

Section 116. Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be original; but such counterparts shall together constitute but one and the same instrument. One signed copy is enough to prove this Indenture. The exchange of copies of this Indenture and of signature pages by facsimile, .pdf transmission or other electronic means shall constitute effective execution and delivery of this Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or .pdf transmission or other electronic means shall be deemed to be their original signatures for all purposes.

Section 117. **Force Majeure.** In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, provision of any present or future law or regulation or act of any governmental authority that prohibits the performance of the Trustee's obligations hereunder, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, quarantines, national emergencies, epidemics or pandemics, unavailability of the Federal Reserve Bank wire or telex system or other wire or other funds transfer system and unavailability of any securities clearing system.

Section 118. **U.S.A. Patriot Act.** The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

ARTICLE 2

NOTE FORMS

Section 21. **Form and Dating.** Provisions relating to the Initial Notes and the Exchange Notes are set forth in Appendix A attached hereto (the "Appendix") which is hereby incorporated in, and expressly made part of, this Indenture. The Initial Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit 1 to the Appendix which is hereby incorporated in, and expressly made a part of, this Indenture. The Exchange Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A, which is hereby incorporated in and expressly made a part of this Indenture. The Notes may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Company is subject, if any, or usage (*provided* that any such notation, legend or endorsement is in a form reasonably acceptable to the Company). Each Note shall be dated the date of its authentication. The terms of the Note set forth in the Appendix and the form of the Exchange Notes set forth in Exhibit A are part of the terms of this Indenture.

Section 22. **Execution, Authentication, Delivery and Dating.** The Notes shall be executed on behalf of the Company by any Officer. The signature of an Officer on the Notes may be manual or via facsimile, .pdf transmission or other electronic means of the present or any future such authorized Officer and may be imprinted or otherwise reproduced on the Notes.

Notes bearing the signature of an individual who was at any time a proper Officer of the Company shall bind the Company, notwithstanding that such individual ceased to hold such office prior to the authentication and delivery of such Notes or did not hold such office at the date of such Notes.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Notes executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Notes, and the Trustee in accordance with such Company Order shall authenticate and deliver such Notes.

On the Issue Date, the Company shall deliver the Initial Notes in the aggregate principal amount of \$77,665,000 executed by the Company to the Trustee for authentication, together with a Company Order directing the Trustee to authenticate the Notes and certifying that all conditions precedent to the issuance of Notes contained herein have been fully complied with, and the Trustee in accordance with such Company Order shall authenticate and deliver such Initial Notes. At any time and from time to time after the Issue Date, the Company may deliver Additional Notes executed by the Company to the Trustee for authentication, together with (i) a Company Order for the authentication and delivery of such Additional Notes, directing the Trustee to authenticate the Additional Notes and certifying that the issuance of such Additional Notes is in compliance with Article Ten hereof and that all other conditions precedent to the issuance of Notes contained herein have been fully complied with, and (ii) an Opinion of Counsel which shall state that the form and terms of the Additional Notes have been established in conformity with this Indenture, and that such Additional Notes, when authenticated and delivered by the Trustee and issued by the Company, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. Thereafter, the Trustee in accordance with such Company Order shall authenticate and deliver such Additional Notes.

Upon receipt of a Company Order, the Trustee shall authenticate for original issue Exchange Notes in an aggregate principal amount not to exceed \$77,665,000 plus any increase in the aggregate principal amount of the Notes as a result of any Additional Notes issued; *provided* that such Exchange Notes shall be issuable only upon the valid surrender for cancellation of Initial Notes and any Additional Notes of a like aggregate principal amount in accordance with an Exchange Offer pursuant to a Registration Rights Agreement and a Company Order for the authentication and delivery of such Exchange Notes and certifying that all conditions precedent to the issuance of such Exchange Notes are complied with. In each case, the Trustee shall receive a Company Order and an Opinion of Counsel of the Company that it may reasonably require in connection with such authentication of the Notes. Such Company Order shall specify the amount of Notes to be authenticated and the date on which the original issue of Notes is to be authenticated.

Each Note shall be dated the date of its authentication.

No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a certificate of authentication substantially in the form provided for in Exhibit 1 to the Appendix, duly executed by the Trustee by manual signature of an authorized signatory, and such certificate upon any Note shall be conclusive.

evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

In case the Company, pursuant to Article Eight of this Indenture, shall be consolidated or merged with or into any other Person or shall convey, transfer, lease or otherwise dispose of its properties and assets substantially as an entirety to any Person, and the successor Person resulting from such consolidation, or surviving such merger, or into which the Company shall have been merged, or the Person which shall have received a conveyance, transfer, lease or other disposition as aforesaid, shall have expressly assumed the obligations of the Company pursuant to Article Eight of this Indenture, any of the Notes authenticated or delivered prior to such consolidation, merger, conveyance, transfer, lease or other disposition may, from time to time, at the request of the successor Person, be exchanged for other Notes executed in the name of the successor Person with such changes in phraseology and form as may be appropriate, but otherwise in substance of like tenor as the Notes surrendered for such exchange and of like principal amount; and the Trustee, upon Company Request of the successor Person, shall authenticate and deliver Notes as specified in such request for the purpose of such exchange. If Notes shall at any time be authenticated and delivered in any new name of a successor Person pursuant to this Section in exchange or substitution for or upon registration of transfer of any Notes, such successor Person, at the option of the Holders but without expense to them, shall provide for the exchange of all Notes at the time outstanding for Notes authenticated and delivered in such new name.

ARTICLE 3

THE NOTES

Section 31. **Title and Terms.** The aggregate principal amount of Notes which may be authenticated and issued under this Indenture is not limited *provided, however* that any Additional Notes issued under this Indenture rank *pari passu* with the Initial Notes, are issued in accordance with Section 202 and Section 312 hereof, form a single class with the Initial Notes and shall have the same terms as to status, redemption or otherwise as the Initial Notes.

The Notes shall be known and designated as the "10.00% Senior Notes due 2029" of the Company. The Stated Maturity of the Notes shall be September 30, 2029, and the Notes shall bear interest at the rate set forth below from September 30, 2024, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on March 30, 2025 and semi-annually thereafter on March 30 and September 30 in each year and at said Stated Maturity, until the principal thereof is paid or duly provided for and to the Person in whose name the Note (or any Predecessor Note) is registered at the close of business on the March 15 and September 15 immediately preceding such Interest Payment Date (each, a "Regular Record Date").

The principal of (and premium, if any), Additional Interest, if any, and interest on the Notes shall be payable at the office or agency of the Company maintained for such purpose or, at the option of the Company, payment of interest may be made by check mailed to the Holders at their respective addresses set forth in the Note Register or, if in accordance with arrangements

satisfactory to the Trustee and the Company, at the option of the Holder, by wire transfer of immediately available funds to the account designated in writing the Holder~~provided~~ that all payments of principal, premium, if any, and interest and Additional Interest, if any, with respect to Notes represented by one or more permanent Global Notes registered in the name of or held by the Depository or its nominee shall be made by wire transfer of immediately available funds to the accounts specified by the Holder or Holders thereof, and all payments of principal, premium, if any, and interest and Additional Interest, if any, with respect to one or more Certificated Notes at Stated Maturity shall be made against presentation of such Certificated Note at the office or agency of the Company maintained for such purpose.

Section 32. Denominations. The Notes shall be issuable only in registered form without coupons and only in a minimum denomination of \$2,000 and denominations that are any integral multiple of \$1,000 in excess thereof.

Section 33. Temporary Notes. Pending the preparation of definitive Notes, the Company may execute, and upon receipt of a Company Order, the Trustee shall authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Officer executing such Notes may determine, as conclusively evidenced by their execution of such Notes.

If temporary Notes are issued, the Company shall cause definitive Notes to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes shall be exchangeable for definitive Notes upon surrender of the temporary Notes at the office or agency of the Company designated for such purpose pursuant to Section 1002, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Notes, the Company shall execute and upon receipt of a Company Order the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Notes of authorized denominations. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits under this Indenture as definitive Notes.

Section 34. Note Registrar; Paying Agent; Registration of Transfer and Exchange The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office and in any other office or agency designated pursuant to Section 1002 being herein sometimes referred to as the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Notes and of transfers of Notes. The Note Register shall be in written form or any other form capable of being converted into written form within a reasonable time. At all reasonable times, the Note Register shall be open to inspection by the Trustee. The Trustee is hereby initially appointed as note registrar (the "Note Registrar") for the purpose of registering Notes and transfers of Notes as herein provided. The Trustee is hereby initially appointed to act as the Paying Agent and to act as custodian with respect to the Global Notes.

Upon surrender for registration of transfer of any Note at the office or agency of the Company designated pursuant to Section 1002, the Company shall execute, and the Trustee shall

authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denomination or denominations of a like aggregate principal amount.

At the option of the Holder, Notes may be exchanged for other Notes of any authorized denomination and of a like aggregate principal amount, upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, the Company shall execute, and upon receipt of a Company Order the Trustee shall authenticate and deliver, the Notes which the Holder making the exchange is entitled to receive; *provided* that no exchange of Notes for Exchange Notes shall occur until an Exchange Offer Registration Statement shall have been declared effective by the SEC, the Trustee shall have received an Officer's Certificate confirming that the Exchange Offer Registration Statement has been declared effective by the SEC and the Initial Notes to be exchanged for the Exchange Notes shall be cancelled by the Trustee.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Note Registrar) be duly endorsed, or be accompanied by written instruments of transfer, in form satisfactory to the Company and the Note Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

No service charge shall be made for any registration of transfer or exchange or redemption of Notes, but the Company may require payment of a sum sufficient to cover any taxes, fees or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Notes, other than exchanges pursuant to Section 202, Section 303 or Section 906 not involving any transfer.

Section 35. Mutilated, Destroyed, Lost and Stolen Notes If (1) any mutilated Note is surrendered to the Trustee, or (2) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and there is delivered to the Company and the Trustee such security or indemnity as may be required to protect the Company, the Trustee, any agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced, then, in the absence of notice to the Company or the Trustee that such Note has been acquired by a Protected Purchaser (as defined in Section 8-303 of the Uniform Commercial Code) (a "Protected Purchaser"), the Company shall execute and upon Company Order the Trustee shall authenticate and deliver, in exchange for any such mutilated Note or in lieu of any such destroyed, lost or stolen Note, a new Note of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Note, pay such Note.

Upon the issuance of any new Note under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) in replacing a Note.

Every new Note issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Company, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 36. Payment of Interest; Interest Rights Preserved

a) Interest on any Note which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name such Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose pursuant to Section 1002; *provided, however*, that, subject to Section 301 hereof, each installment of interest may at the Company's option be paid by (1) mailing a check for such interest, payable to or upon the written order of the Person entitled thereto pursuant to Section 307, to the address of such Person as it appears in the Note Register or (2) transfer to an account located in the United States maintained by the payee.

b) Any interest on any Note which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the Holder on the Regular Record Date by virtue of having been such Holder, and such defaulted interest and (to the extent lawful) interest on such defaulted interest at the rate borne by the Notes (such defaulted interest and interest thereon herein collectively called "*Defaulted Interest*") may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Company shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and

not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Company shall promptly notify the Trustee of such Special Record Date, and cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given in the manner provided for in Section 107, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so given, such Defaulted Interest shall be paid to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

c) Subject to the foregoing provisions of this Section, each Note delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

Section 37. **Persons Deemed Owners.** Prior to the due presentment of a Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Note is registered as the owner of such Note for the purpose of receiving payment of principal of (and premium, if any) and (subject to Section 304 and Section 306) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Company, the Trustee or any agent of the Company or the Trustee shall be affected by notice to the contrary.

Section 38. **Cancellation.** All Notes surrendered for payment, redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Notes previously authenticated hereunder which the Company has not issued and sold, and all Notes so delivered shall be promptly cancelled by the Trustee. If the Company shall so acquire any of the Notes, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Notes unless and until the same are surrendered to the Trustee for cancellation. No Notes shall be authenticated in lieu of or in exchange for any Notes cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Notes held by the Trustee shall be disposed of by the Trustee in accordance with its customary procedures (subject to the record retention requirements of the Exchange Act). Evidence of the cancellation of such Notes

shall be delivered to the Company by the Trustee upon the Company's request. The Trustee shall maintain a record of all cancelled Notes. The Trustee shall provide the Company a list of all Notes that have been cancelled from time to time as requested by the Company.

Section 39. Computation of Interest. Interest on the Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

Section 310. Transfer and Exchange. The Notes shall be issued in registered form and shall be transferable only upon the surrender of a Note for registration of transfer. When a Note is presented to the Note Registrar or a co-registrar with a request to register a transfer, the Note Registrar shall register the transfer as requested if the requirements of this Indenture and Section 8-401(a) of the Uniform Commercial Code are met. When Notes are presented to the Note Registrar or a co-registrar with a request to exchange them for an equal principal amount of Notes of other denominations, the Note Registrar shall make the exchange as requested if the same requirements are met.

The Company shall not be required, and without the prior written consent of the Company, the Note Registrar shall not be required, to register the transfer of or exchange of any Note (i) during a period beginning at the opening of business 15 days before provision of a notice of redemption of Notes and ending at the close of business on the day of such provision, (ii) selected for redemption in whole or in part and (iii) beginning at the opening of business on any record date and ending on the close of business on the related Interest Payment Date.

Neither the Note Registrar nor the Trustee shall have the obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Section 311. CUSIP Numbers. The Company in issuing the Notes may use "CUSIP" numbers, ISINs and "Common Code" numbers (in each case, if then generally in use) in addition to serial numbers, and, if so, the Trustee shall use such "CUSIP" numbers, ISINs and "Common Code" numbers in addition to serial numbers in notices of redemption, repurchase or other notices to Holders as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such "CUSIP" numbers, ISINs and "Common Code" numbers either as printed on the Notes or as contained in any notice of a redemption or repurchase and that reliance may be placed only on the serial or other identification numbers printed on the Notes, and any such redemption or repurchase shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee in writing of any change in the "CUSIP" numbers, ISINs and "Common Code" numbers applicable to the Notes.

Section 312. Issuance of Additional Notes. From time to time the Company may, without notice to or the consent of the Holders of the Notes, create and issue additional Notes

having identical terms and conditions to the Initial Notes issued on the Issue Date (other than the Issue Date, the issue price or the first payment of interest following the issue date of such additional Notes) (the "Additional Notes"). Such Additional Notes and Exchange Notes issued for any Additional Notes subsequently issued may be consolidated and form a single series with, and will have similar terms as to ranking, redemption, waivers, amendments or otherwise as the Initial Notes issued on the Issue Date and Exchange Notes issued in exchange for Initial Notes issued on the Issue Date, and will vote together as one class on all matters with respect to the Initial Notes issued on the Issue Date and Exchange Notes issued in exchange for Initial Notes issued on the Issue Date, provided that such Additional Notes either shall be fungible with the Initial Notes for U.S. Federal income tax purposes or shall be issued under a different CUSIP or other identification number.

Notwithstanding anything else herein, with respect to any Additional Notes issued subsequent to the date of this Indenture, when the context requires, (1) all references in the Appendix and elsewhere in this Indenture to a Registration Rights Agreement shall be to the Registration Rights Agreement, if any, entered into with respect to such Additional Notes, (2) any references in this Indenture to the Exchange Offer, registration statement, Additional Interest, Purchasers, and any other term related thereto shall be to such terms as they are defined in such Registration Rights Agreement, if any, entered into with respect to such Additional Notes, (3) all time periods described in the Notes with respect to the registration of such Additional Notes shall be as provided in such Registration Rights Agreement, if any, entered into with respect to such Additional Notes, (4) any Additional Interest, if set forth in such Registration Rights Agreement, may be paid to the holders of the Additional Notes immediately prior to the making or the consummation of the Exchange Offer regardless of any other provisions regarding record dates herein and (5) all provisions of this Indenture shall be construed and interpreted to permit the issuance of such Additional Notes and to allow such Additional Notes to become fungible and interchangeable with the Initial Notes originally issued under this Indenture (and Exchange Notes issued in exchange therefor).

ARTICLE 4

SATISFACTION AND DISCHARGE

Section 41. Satisfaction and Discharge of Indenture. Upon the direction of the Company by a Company Order, this Indenture shall cease to be of further effect with respect to all Notes specified in such Company Order, and the Trustee, on receipt of a Company Order, at the expense of the Company, shall execute such instruments reasonably requested by the Company acknowledging satisfaction and discharge of this Indenture as to such Notes, when

(1) either

(a) all such Notes theretofore authenticated and delivered (other than (i) Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 305 and (ii) Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company

and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

- (b) all such Notes not theretofore delivered to the Trustee for cancellation,
 - (i) have become due and payable, or
 - (ii) will become due and payable at their Stated Maturity within one year, or
 - (iii) if redeemable at the option of the Company, are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds for such purpose, money in an amount sufficient to pay and discharge the entire indebtedness on such Notes not theretofore delivered to the Trustee for cancellation, including the principal of, any premium and interest on, to the date of such deposit (in the case of Notes which have become due and payable) or to the Maturity thereof, as the case may be;

- (2) the Company has paid or caused to be paid all other sums payable hereunder by the Company with respect to such Outstanding Notes; and
- (3) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture as to such Notes have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, if money shall have been deposited with the Trustee pursuant to subclause (b) of clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive such satisfaction and discharge. In addition, nothing in this Section 401 shall be deemed to discharge the obligations of the Company to the Trustee under Section 607 and the obligations of the Company to any Authenticating Agent under Section 613 that, by their terms, survive the satisfaction and discharge of this Indenture.

Section 42. Application of Trust Money. Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium and Additional Interest, if any) and interest for whose payment such money or

Government Securities has been deposited with the Trustee, but such money or Government Securities need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money in accordance with Section 401 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 401 until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 401; *provided* that if the Company has made any payment of principal of, premium, if any, or interest on any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 5

REMEDIES

Section 51. Events of Default. "Event of Default," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (1) default in the payment of any principal of, or premium, if any, on the Notes issued under this Indenture when due;
- (2) default in the payment of any interest (including Additional Interest) on any Note when such interest or such Additional Interest, as the case may be, becomes due and payable, and continuance of such default for a period of 30 days;
- (3) default in the performance, or breach, of any covenant or warranty of the Company in this Indenture or any Note (other than a covenant or warranty for which the consequences of breach or nonperformance are addressed elsewhere in this Section 501), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail or nationally recognized overnight delivery service, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Outstanding Notes a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;
- (4) default under any bond, note, debenture or other evidence of indebtedness for borrowed money of or guaranteed by the Company or under any mortgage, indenture or other instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for borrowed money of or guaranteed by the Company that results in the acceleration of such indebtedness for borrowed money in an aggregate principal amount exceeding \$25,000,000 or which constitutes a failure to pay when due (after expiration of any

applicable grace period) such indebtedness for borrowed money in an aggregate principal amount exceeding \$25,000,000, but only if such indebtedness for borrowed money is not discharged or such acceleration is not rescinded or annulled within 30 days after written notice to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Outstanding Notes;

(5) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State law, or appointing a custodian, receiver, conservator, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of the property of the Company, or ordering the winding up or liquidation of the affairs of the Company, and the continuance of any such decree or order for relief unstayed and in effect for a period of 60 consecutive days; or

(6) the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company to the entry of a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Company, or the filing by the Company of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by the Company to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, conservator, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of the property of the Company, or the making by the Company of an assignment for the benefit of creditors, or the taking of corporate action by the Company in furtherance of any such action.

Section 52. Acceleration of Maturity; Rescission and Annulment

If an Event of Default with respect to the Notes occurs and is continuing (other than an Event of Default specified in Section 501(5) or (6)), then either the Trustee or the Holders of not less than 25% of the aggregate principal amount of the Outstanding Notes may declare the principal of all the Notes, and accrued and unpaid interest, if any, thereon to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the Holders), and upon any such declaration such principal and such accrued and unpaid interest shall become immediately due and payable. If an Event of Default under Section 501(5) or (6) with respect to the Company occurs and is continuing, then the principal of all the Notes, and accrued and unpaid interest, if any, thereon shall be automatically due and payable.

At any time after the Notes have been accelerated and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article Five provided, the Holders of not less than a majority of the aggregate principal amount of the

Outstanding Notes, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

- (1) the Company has paid or deposited with the Trustee a sum of money sufficient to pay
 - (a) all overdue installments of any interest on any Notes which have become due otherwise than by such declaration of acceleration,
 - (b) the principal of and any premium on any Notes which have become due otherwise than by such declaration of acceleration and, to the extent permitted by applicable law, interest thereon at the rate or respective rates, as the case may be, provided for in or with respect to such Notes, or, if no such rate or rates are so provided, at the rate or respective rates, as the case may be, of interest borne by such Notes,
 - (c) to the extent permitted by applicable law, interest upon installments of any interest, if any, which have become due otherwise than by such declaration of acceleration at the rate or respective rates, as the case may be, provided for in or with respect to such Notes, or, if no such rate or rates are so provided, at the rate or respective rates, as the case may be, of interest borne by such Notes, and
 - (d) all sums paid or advanced by the Trustee hereunder and the compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and all other amounts due the Trustee under Section 607; and
- (2) all Events of Default, other than the non-payment of the principal of, any premium and interest on, Notes which shall have become due solely by such declaration of acceleration, shall have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Section 53. **Collection of Indebtedness and Suits for Enforcement by Trustee** If an Event of Default specified in Section 501(1) or (2) occurs and is continuing, the Trustee, in its own name as trustee of an express trust, may institute a judicial proceeding for the collection of the sums due hereunder pursuant to this Article Five and unpaid, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel. The Trustee may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Notes, wherever situated.

If an Event of Default specified in Section 501(1) or (2) occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders under this Indenture by the judicial proceedings discussed above as the Trustee shall deem necessary to protect and enforce any such rights.

Section 54. Trustee May File Proofs of Claim In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor, upon the Notes or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal, premium, if any, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(1) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(2) to collect, receive and distribute any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 55. Trustee May Enforce Claims Without Possession of Notes All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders in respect of which such judgment has been recovered.

Section 56. Application of Money Collected. Any money or property collected by the Trustee pursuant to this Article Five shall be applied in the following order, at the date or dates

fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Notes and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 607;

SECOND: To the payment of the amounts then due and unpaid for principal of (and premium, if any) and interest on the Notes in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Notes for principal (and premium, if any) and interest, respectively; and

THIRD: The balance, if any, to the Company or as a court of competent jurisdiction may direct in writing *provided* that all sums due and owing to the Holders and the Trustee have been paid in full as required by this Indenture.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 506.

Section 57. Limitation on Suits. Subject to Section 508, no Holder of any Notes shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

- (1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;
- (2) Holders of at least 25% in principal amount of the Outstanding Notes have made written request to the Trustee to pursue the remedy;
- (3) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and
- (4) Holders of a majority in principal amount of the Outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period,

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders (it being further understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders).

Section 58. Unconditional Right of Holders to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, the Holder of any Note shall have the contractual right, which is absolute and unconditional, to institute suit for the enforcement of

any payment of the principal of (and premium, if any) and interest (including Additional Interest) on, the Notes on the respective Stated Maturities expressed in such Note (or, in the case of redemption, on the Redemption Date) on or after such respective dates, and such rights shall not be changed without the consent of such Holder.

Section 59. Restoration of Rights and Remedies. If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, any other obligor of the Notes, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 510. Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in the last paragraph of Section 305, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 511. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article Five or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 512. Control by Holders. The Holders of not less than a majority in principal amount of the Outstanding Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, *provided that:*

- (1) such direction shall not be in conflict with any rule of law or with this Indenture,
- (2) subject to Section 315 of the Trust Indenture Act, the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and
- (3) the Trustee need not take any action which might involve it in personal liability or be unduly prejudicial to the Holders not consenting.

Section 513. Waiver of Default. Subject to Section 508 and Section 902, the Holders of not less than a majority in principal amount of the Outstanding Notes by written notice to the Trustee may on behalf of the Holders of all such Notes waive any Default hereunder and its

consequences, except a continuing Default or Event of Default (1) in respect of the payment of interest on, premium, if any, or the principal of any such Note held by a non-consenting Holder, or (2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Note affected.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 514. Waiver of Stay or Extension Laws Each of the Company and any other obligor on the Notes covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force that would prohibit or forgive the Company from paying any portion of the principal of, and premium, if any, and interest on the Notes.

Section 515. Undertaking for Costs In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 515 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 508 hereof, or a suit by Holders of more than 10% in principal amount of the then Outstanding Notes.

ARTICLE 6

THE TRUSTEE

Section 61. Duties of the Trustee

a) Except during the continuance of an Event of Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions specifically required by any provision hereof to be provided to it, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture, but not to verify the contents thereof including, but not limited to, the accuracy of mathematical calculations.

b) If an Event of Default has occurred and is continuing of which a Responsible Officer of the Trustee has actual knowledge or of which written notice entitled a "Notice of Default" in accordance with Section 106 of such Event of Default or failure to make such payment shall have been given to the Trustee and a Responsible Officer of the Trustee by the Company, any other obligor of the Notes or by any Holder, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs. The Trustee shall not be deemed to have knowledge of, or be required to act (including the sending of any notice) based on, any event unless a Responsible Officer of the Trustee receives written notice of such an event or has obtained actual knowledge of such an event.

c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this paragraph (c) shall not be construed to limit the effect of paragraph (a) of this Section;

(2) the Trustee shall not be liable for any action taken or errors of judgment made in good faith by it or any of its officers, employees and agents unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts or in appointing such agent;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in aggregate principal amount of the Outstanding Notes relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture;

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it;

(5) the permissive right of the Trustee to take any action enumerated in this Indenture shall not be construed as a duty; and

(6) under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Notes.

d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 62. **Notice of Defaults.** If a Default or Event of Default occurs and is continuing and if it is actually known to a Responsible Officer of the Trustee, the Trustee shall transmit, in the manner and to the extent provided in TIA Section 313(c), notice of such Default or Event of Default within 90 days after it occurs unless such Default or Event of Default shall have been cured or waived. Except in the case of a Default or Event of Default in the payment of the principal of (or premium, if any, on) or interest on any Note, the Trustee shall be protected in withholding such notice if it determines that the withholding of such notice is in the interest of the Holders. In addition, the Trustee shall have no obligation to accelerate the Notes if in the best judgment of the Trustee acceleration is not in the best interest of the Holders of such Notes.

Section 63. **Certain Rights of Trustee.** Subject to the provisions of TIA Sections 315(a) through 315(d):

(1) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document (whether in original, facsimile or .pdf form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(2) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(3) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, request and rely upon an Officer's Certificate and an Opinion of Counsel;

(4) the Trustee may consult with counsel and other professionals of its own selection and the advice and opinion of such counsel and other professionals shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the advice or opinion of such counsel;

(5) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses, losses and liabilities which might be incurred by it in compliance with such request or direction;

(6) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the

Company, personally or by agent or attorney at the expense of the Company and shall incur no liability of any kind by reason of such inquiry or investigation;

(7) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder (it being understood that the Depository shall not be deemed to be an agent of the Trustee and the Trustee shall not be responsible for any act or omission by any Depository);

(8) the Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(9) the rights, privileges, protections, immunities and benefits given to the Trustee pursuant to this Indenture, including its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(10) in no event shall the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(11) the Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder;

(12) the Trustee may request that the Company deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture;

(13) the Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references this Indenture and the Notes;

(14) The Trustee shall have the right to decline to take any action if the Trustee, being advised by counsel, determines that such action may not lawfully be taken; and

(15) The Trustee shall have no responsibility or liability for the acts or omissions of any other party, including the Paying Agent, Authenticating Agent or Depository (provided, however, that this protection shall not limit the responsibility or liability of Wilmington Trust, National Association, in its capacity as Paying Agent or authenticating agent).

Section 64. Trustee Not Responsible for Recitals or Issuance of Notes The recitals contained herein and in the Notes, except for the Trustee's certificates of authentication, shall be

taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Notes, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Notes and perform its obligations hereunder and that the statements made by it in a Statement of Eligibility on Form T-1 supplied to the Company, if applicable, are true and accurate, subject to the qualifications set forth therein. The Trustee shall not be accountable for the use or application by the Company of Notes or the proceeds thereof.

Section 65. May Hold Notes; Conflicting Interests. The Trustee, any Paying Agent, any Note Registrar or any other agent of the Company or of the Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to TIA Sections 310(b) and 311, may otherwise deal with the Company with the same rights it would have if it were not the Trustee, Paying Agent, Note Registrar or such other agent; *provided, however,* that, if it acquires any conflicting interest, it must eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign. To the extent permitted by the TIA, the Trustee shall not be deemed to have a conflicting interest by virtue of being a trustee under this Indenture, a trustee under the Indenture for Subordinated Debt Securities, dated August 5, 2014, with respect to the securities issued thereunder, or a trustee under any other indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Company are outstanding if the requirements set forth in the TIA are met.

Section 66. Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Company.

Section 67. Compensation and Reimbursement. The Company agrees:

(1) to pay to the Trustee from time to time such compensation as shall be agreed in writing between the Company and the Trustee for all services rendered by it hereunder and under the Notes (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as shall be determined to have been caused by its own gross negligence or willful misconduct; and

(3) to indemnify the Trustee and any predecessor Trustee and their officers, employees and respective agents for, and to hold each of them harmless against, any and all actions, suits, losses, liabilities, claims, damages or reasonable out-of-pocket expenses, including but not limited to attorney's fees, costs of collection, costs of preparing reports, certificates and other documents and taxes (other than the taxes based on the income of the Trustee), incurred without gross negligence or willful misconduct on its part as finally adjudicated by a court of

competent jurisdiction, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim regardless of whether the claim is asserted by the Company, a Holder or any other Person or liability in connection with the exercise or performance of any of its powers or duties hereunder or in connection with enforcing the provisions of this Section.

The obligations of the Company under this Section to compensate the Trustee, to pay or reimburse the Trustee for reasonable out-of-pocket expenses, disbursements and advances and to indemnify and hold harmless the Trustee shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture and resignation or removal of the Trustee. As security for the performance of such obligations of the Company, the Trustee shall have a claim prior to the Notes upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of (and premium, if any) or interest on particular Notes.

When the Trustee incurs fees or expenses or renders services in connection with an Event of Default specified in Section 501(5) or (6), the expenses (including the reasonable charges and expenses of its counsel) of and the compensation for such services are intended to constitute expenses of administration under any applicable Bankruptcy Law.

The provisions of this Section shall survive the termination or discharge of this Indenture or the Notes and the resignation or removal of the Trustee.

Section 68. Corporate Trustee Required; Eligibility. There shall be at all times a Trustee hereunder which shall be eligible to act as Trustee under TIA Section 310(a)(1) and shall have a combined capital and surplus of at least \$50,000,000. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of Federal, State, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article Six.

Section 69. Resignation and Removal; Appointment of Successor.

a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article Six shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 610.

b) The Trustee may resign at any time by giving written notice thereof within 30 days of such resignation to the Company. Upon receiving such notice of resignation, the Company shall promptly appoint a successor Trustee by written instrument executed by authority of the Board of Directors, a copy of which shall be delivered to the resigning Trustee and a copy to the successor Trustee. If the instrument of acceptance by a

successor Trustee required by Section 610 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee.

c) The Trustee may be removed with 30 days' notice at any time by Act of the Holders of not less than a majority in principal amount of the Outstanding Notes, delivered to the Trustee and to the Company. If the instrument of acceptance by a successor Trustee required by Section 610 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee.

d) The Trustee shall comply with TIA Section 310(b);*provided, however*, that there shall be excluded from the operation of TIA Section 310(b)(1) any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Company are outstanding if the requirements for such exclusion set forth in TIA Section 310(b)(1) are met.

e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Company, by a Board Resolution, shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Notes delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Company. If no successor Trustee shall have been so appointed by the Company or the Holders and accepted appointment in the manner hereinafter provided, any Holder who has been a bona fide Holder of a Note for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Holders in the manner provided for in Section 107. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

Section 610. Acceptance of Appointment by Successor.

a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring

Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

- b) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article Six.

Section 611. **Merger, Conversion, Consolidation or Succession to Business** Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder (*provided* that such corporation shall be otherwise qualified and eligible under this Article Six) without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Notes shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Trustee had itself authenticated such Notes. In case at that time any of the Notes shall not have been authenticated, any successor Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor Trustee. In all such cases such certificates shall have the full force and effect which this Indenture provides for the certificate of authentication of the Trustee; *provided, however,* that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Notes in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 612. Appointment of Co-Trustee.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the trust created under this Indenture may at the time be located, the Trustee shall have the power and may execute and deliver all instruments necessary to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of such trust, and to vest in such Person or Persons, in such capacity and for the benefit of the Holders, such title to the trust, or any part hereof, and subject to the other provisions of this Section, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 608 and no notice to Holders of the appointment of any co-trustee or separate trustee shall be required under Section 609 hereof.

- (b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the trust created by this Indenture or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection or rights (including the rights to compensation, reimbursement and indemnification hereunder) to, the Trustee. Every such instrument shall be filed with the Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Trustee its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 613. Appointment of Authenticating Agent. At any time when any of the Notes remain Outstanding, the Trustee may appoint an authenticating agent or agents with respect to the Notes which shall be authorized to act on behalf of the Trustee to authenticate Notes (an "Authenticating Agent") and the Trustee shall give written notice of such appointment to all Holders of Notes with respect to which such Authenticating Agent shall serve, in the manner provided for in Section 107. Notes so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Any such appointment shall be evidenced by an instrument in writing signed by a Responsible Officer of the Trustee, and a copy of such instrument shall be promptly furnished to the Company. Wherever reference is made in this Indenture to the authentication and delivery of Notes by the Trustee or the Trustee's certificate of authentication, such reference shall be

deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States, any state thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than \$50,000,000 and subject to supervision or examination by Federal or state authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to all or substantially all the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent (*provided* that such corporation shall be otherwise eligible under this Section) without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall give written notice of such appointment to all Holders of Notes, in the manner provided for in Section 107. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time such compensation for its services under this Section as shall be agreed in writing between the Company and such Authenticating Agent.

If an appointment is made pursuant to this Section, the Notes may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication in the following form:

This is one of the Notes designated therein referred to in the within-mentioned Indenture.

[]
as Authenticating Agent

By: _____
as Authorized Signatory

Dated:

ARTICLE 7

HOLDERS LISTS AND REPORTS BY TRUSTEE AND COMPANY

Section 71. Holder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with Trust Indenture Act Section 312(a). If the Trustee is not the Note Registrar, the Company shall furnish to the Trustee at least two Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes, upon which the Trustee may conclusively rely, and the Company shall otherwise comply with Trust Indenture Act Section 312(a).

Section 72. Disclosure of Names and Addresses of Holders. Every Holder, by receiving and holding Notes, agrees with the Company and the Trustee that none of the Company or the Trustee or any agent of either of them shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with TIA Section 312, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under TIA Section 312(b).

Section 73. Reports by Trustee. Within 60 days after September 1 of each year commencing with September 1, 2025, and for so long as Notes remain outstanding, the Trustee shall mail to the Holders (with a copy to the Company at the address specified in Section 106), in the manner and to the extent provided in TIA Section 313(c), a brief report dated as of such September 1 that complies with TIA Section 313(a). The Trustee also shall comply with TIA Section 313(b). The Trustee shall also transmit by mail all reports as required by the TIA Section 313(c).

ARTICLE 8

MERGER, CONSOLIDATION OR SALE OF ALL OR SUBSTANTIALLY ALL ASSETS

Section 81. Company May Consolidate, Etc., Only on Certain Terms

The Company shall not, in any transaction or series of related transactions, consolidate with or merge into any Person or sell, assign, transfer, lease or otherwise convey all or substantially all its properties and assets to any Person, unless:

- a) either (A) the Company shall be the continuing Person (in the case of a merger), or (B) the successor Person (if other than the Company) formed by such consolidation or into which the Company is merged or which acquires by sale, assignment, transfer, lease or other conveyance all or substantially all the properties and assets of the Company shall be a corporation organized and existing under the laws of the United States, any state thereof or the District of Columbia and shall expressly assume the due and punctual payment of the principal of, any premium and interest on, all the Outstanding Notes and the due and punctual performance and observance of every obligation in this Indenture and the Outstanding Notes to be observed or performed by the Company;
- b) immediately after giving effect to such transaction, no Event of Default and no event which, after notice or lapse of time or both, would become an Event of Default shall have occurred and be continuing; and
- c) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, assignment, transfer, lease or other conveyance and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

Section 82. Successor Substituted. Upon any consolidation by the Company with or merger of the Company into any other Person or any sale, assignment, transfer, lease or conveyance of all or substantially all of the properties and assets of the Company to any Person in accordance with Section 801, the successor Person formed by such consolidation or into which the Company is merged or to which such sale, assignment, transfer, lease or other conveyance is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; and thereafter, except in the case of a lease, the predecessor Person shall be released from all obligations and covenants under this Indenture and the Notes.

ARTICLE 9

AMENDMENT, SUPPLEMENT AND WAIVER

Section 91. Amendments or Supplements Without Consent of Holders Notwithstanding Section 902 hereof, without the consent of any Holder, the Company and the Trustee, at any time and from time to time, may amend or supplement this Indenture or the Notes, in form satisfactory to the Trustee, for any of the following purposes:

a) to provide for the assumption of the Company's obligations under this Indenture and the Notes by a successor Person in the case of a merger or consolidation of the Company or the sale of all or substantially all of the assets of the Company;

a) to add to the covenants of the Company for the benefit of the Holders or to surrender any right or power herein conferred upon the Company;

b) to evidence and provide for the acceptance and appointment under this Indenture of a successor Trustee pursuant to the requirements of Section 609 and Section 610 hereof;

c) to cure any ambiguity or to correct or supplement any provision herein which may be defective or which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture which shall not materially adversely affect the interests of the Holders of Notes then Outstanding as determined by the Company;

d) to add any additional Events of Default with respect to Notes for the benefit of the Holders of the Notes;

e) to provide for the issuance of Additional Notes in accordance with the limitations set forth in this Indenture;

f) to secure the Notes or to provide a guarantee of the Notes;

g) to amend or supplement any provision contained herein or in any supplemental indenture or in any Notes *provided* that such amendment or supplement does not apply to any Outstanding Note issued prior to the date of such amendment or supplemental indenture and entitled to the benefits of such provision; or

h) to qualify this Indenture under the Trust Indenture Act or, prior to the qualification of this Indenture under the Trust Indenture Act, to amend or supplement any provision contained in this Indenture in order to effectuate the intent and purposes of the second proviso of the first sentence of Section 108.

Upon the request of the Company accompanied by a Board Resolution authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described in Section 903 hereof, the Trustee shall join with the Company in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

Section 92. Amendments or Supplements with Consent of Holders With the consent of the Holders of not less than a majority in principal amount of the Outstanding Notes (including without limitation, consents obtained in connection with a purchase of, or tender offer

for, the Notes), by Act of said Holders delivered to the Company and the Trustee, the Company (when authorized by or pursuant to a Board Resolution), and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of the Notes or of modifying in any manner the rights of the Holders of such Notes under this Indenture; *provided*, that no such supplemental indenture, without the consent of the Holder of each Outstanding Note affected thereby, shall

- a) change the Stated Maturity of the principal of, or premium, if any, or any installment of interest, if any, on any Note, or reduce the principal amount thereof or the rate (or modify the calculation of such rate) of interest thereon or any premium payable upon the redemption thereof or otherwise, or change the Place of Payment where or the currency in which the principal of, any premium or interest on, any Note is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date or, in the case of repayment at the option of the Holder, on or after the date for repayment), or
- b) reduce the percentage in principal amount of the Outstanding Notes, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or
- c) modify any of the provisions of this Section or Section 513, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Note affected thereby.

It shall not be necessary for any Act of Holders of Notes under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 93. Execution of Amendments, Supplements or Waivers The Trustee shall sign any amendment, supplement or waiver authorized pursuant to this Article Nine if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee, and if such amendment, supplement or waiver adversely affects such rights, duties, liabilities or immunities, the Trustee may but need not sign it. The Company may not sign an amendment, supplement or waiver that requires consent of Holders until the Board of Directors approves it. In executing any amendment, supplement or waiver, the Trustee shall receive and (subject to Section 601 hereof) shall be fully protected in conclusively relying upon, in addition to the documents required by Section 103 hereof, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture and that such amendment, supplement or waiver is the legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject to customary exceptions, and complies with the provisions hereof (including Section

905).

Section 94. Effect of Amendments, Supplements or Waivers Upon the execution of any supplemental indenture under this Article Nine, this Indenture shall be modified in accordance therewith, and such amendment, supplement or waiver shall form a part of this Indenture for all purposes; and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 95. Compliance with Trust Indenture Act Every amendment or supplement to this Indenture or the Notes shall be set forth in an amended or supplemental indenture that complies with the Trust Indenture Act as then in effect.

Section 96. Reference in Notes to Supplemental Indentures Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article Nine may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Notes so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Notes.

Section 97. Notice of Supplemental Indentures. Promptly after the execution by the Company and the Trustee of any supplemental indenture, the Company shall give notice thereof to the Holders, in the manner provided for in Section 107, setting forth in general terms the substance of such supplemental indenture. Any failure of the Company to give such notice to the Holders, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

ARTICLE 10

COVENANTS

Section 101. Payment of Principal, Premium, if Any, and Interest The Company shall pay or cause to be paid the principal of, premium, if any, and interest on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, if other than the Company, holds as of 10:00 a.m. (Eastern Time) on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due. The Company shall pay Additional Interest, if any, on the dates of its choosing in the amounts and in the manner set forth in the applicable Registration Rights Agreement and in the Notes.

The Company shall pay interest on overdue principal at the rate equal to the then applicable interest rate on the Notes, and it shall pay interest on overdue installments of interest at the same rate, in any case to the extent lawful.

If the Company shall be obligated to pay Additional Interest to the Holders of the Notes pursuant to any Registration Rights Agreement, the Company shall use commercially reasonable efforts to, no less than two (2) Business Days prior to the date on which such Additional Interest is to be paid, provide written notice to the Trustee and the Paying Agent (if other than the Trustee) of the amount of such Additional Interest due and the date on which such Additional Interest shall be paid to the Holders.

Section 102. Maintenance of Office or Agency. The Company shall maintain an office or agency in the United States where Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Corporate Trust Office of the Trustee shall be such office or agency of the Company, unless the Company shall designate and maintain some other office or agency for one or more of such purposes. The Company shall give prompt written notice to the Trustee of any change in the location of any such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands; provided that the Corporate Trust Office of the Trustee shall not be an office or agency of the Company for the purpose of service of legal process against the Company.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind any such designation. The Company shall give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such other office or agency.

Section 103. Paying Agent to Hold Money in Trust If the Company shall at any time act as its own Paying Agent, it shall, on or before each due date of the principal of (or premium, if any) or interest on any of the Notes, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal of (or premium, if any) or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and shall promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for the Notes, it shall, on or before each due date of the principal of (or premium, if any) or interest on any Notes, deposit with a Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company shall promptly notify the Trustee in writing of such action or any failure so to act.

The Company shall cause each Paying Agent (other than the Trustee) to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent shall:

(1) hold all sums held by it for the payment of the principal of (and premium, if any) or interest on Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee written notice of any Default by the Company (or any other obligor upon the Notes) in the making of any payment of principal (and premium, if any) or interest; and

(3) at any time during the continuance of any such Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such sums.

Subject to applicable laws relating to abandoned property, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (and premium, if any) or interest on any Note and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as Trustee thereof, shall thereupon cease.

Section 104. Corporate Existence. Subject to Article Eight, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence in accordance with the organizational documents (as the same may be amended from time to time) of the Company.

Section 105. Payment of Taxes and Other Claims. The Company shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent, all material taxes, assessments and governmental charges levied or imposed upon the Company or upon the income, profits or property of the Company; *provided, however,* that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment or charge whose amount, applicability or validity is being contested in good faith by appropriate proceedings or negotiations or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes. Notwithstanding anything to the contrary contained in this Indenture, the Company may, to the extent required to do so by law, deduct or withhold income or other similar taxes imposed by the United States from principal or interest payments under this Indenture.

Section 106. Statement by Officers as to Default

a) The Company shall deliver to the Trustee within 120 days after the end of each fiscal year (which as of the date hereof, ends on December 31), an Officer's Certificate from the principal executive officer, principal financial officer or principal accounting officer stating that a review of the activities of the Company during the preceding fiscal year has been made under the supervision of the signing Officer with a view to determining whether it has kept, observed, performed and fulfilled its obligations under this Indenture and further stating, as to each such Officer signing such certificate, that, to the best of his or her knowledge, the Company during such preceding fiscal year has kept, observed, performed and fulfilled each and every such covenant contained in this Indenture and no Default occurred during such year and at the date of such certificate there is no Default which has occurred and is continuing or, if such signers do know of such Default that is continuing, the certificate shall specify such Default and that, to the best of his or her knowledge, no event has occurred and remains by reason of which payments on the account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event. The Officer's Certificate shall also notify the Trustee should the Company elect to change the manner in which it fixes its fiscal year-end.

b) When any Default has occurred and is continuing under this Indenture, the Company shall deliver to the Trustee an Officer's Certificate specifying such event, notice or other action, and any actions that have been taken to cure such Default, within five Business Days of becoming aware of its occurrence.

Section 107. Delivery of Rule 144A Information

So long as any Notes remain Outstanding, if at any time the Company is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company will prepare and will furnish to any Holder of Notes, any beneficial owner of an interest in a Global Note and any prospective purchaser or other prospective transferee of Notes designated by a Holder of Notes or a beneficial owner of an interest in a Global Note, promptly upon request and at the expense of the Company, the financial statements and other information specified in Rule 144A(d)(4) (or any successor provision thereto) under the Securities Act, in each case to the extent necessary to permit the resale or other transfer of Notes by such Holder or beneficial owner to be made in compliance with Rule 144A under the Securities Act.

Section 108. Liens

a) As long as any of the Notes remain outstanding, the Company will not, and it will not permit any Subsidiary to, mortgage, pledge or hypothecate or permit to exist any mortgage, pledge or hypothecation or other lien upon any Voting Stock of any Principal Subsidiary Bank to secure any indebtedness for borrowed money without making effective provisions whereby the Notes then outstanding, and, at the Company's option, any other senior indebtedness ranking equally with the Notes, shall be equally and ratably secured with any and all such indebtedness.

b) Notwithstanding the foregoing, this covenant shall not prohibit the mortgage, pledge or hypothecation of, or the establishment of a lien on, any such Voting Stock:

- (1) to secure indebtedness of the Company or a Subsidiary as part of the purchase price of such Voting Stock, or incurred prior to, at the time of or within 180 days after acquisition thereof for the purpose of financing all or any part of the purchase price thereof;
- (2) by the acquisition by the Company or any Subsidiary of any Voting Stock subject to mortgages, pledges, hypothecations or other liens existing thereon at the time of acquisition (whether or not the obligations secured thereby are assumed by the Company or such Subsidiary);
- (3) by the assumption by the Company or any Subsidiary of obligations secured by mortgages on, pledges or hypothecations of, or other liens on, any such Voting Stock, existing at the time of the acquisition by the Company or such Subsidiary of such Voting Stock;
- (4) by the extension, renewal or refunding (or successive extensions, renewals or refundings), in whole or in part, of any mortgage, pledge, hypothecation or other lien referred to in the foregoing clauses (1), (2), and (3); *provided, however*, that the principal amount of any and all other obligations and indebtedness secured thereby shall not exceed the principal amount so secured at the time of each extension, renewal or refunding, and that such extension, renewal or refunding shall be limited to all or a part of the Voting Stock that was subject to the mortgage, pledge, hypothecation or other lien so extended, renewed or refunded; or
- (5) to secure loans or other extensions of credit by a subsidiary bank subject to Section 23A of the Federal Reserve Act or any successor or similar federal law or regulations promulgated thereunder;

and provided, further, that notwithstanding the foregoing, this covenant shall not restrict: (x) liens for taxes, assessments or other governmental charges or levies which are not yet due or are payable without penalty or of which the amount, applicability or validity is being contested by the Company or a Subsidiary in good faith by appropriate proceedings and the Company or such Subsidiary has set aside on its books adequate reserves with respect thereto to the extent required by generally accepted accounting principles; or (y) the lien of any judgment, if such judgment shall not have remained undischarged, or unstayed on appeal or otherwise, for more than 90 days.

c) In case the Company or any Subsidiary shall propose to pledge, mortgage or hypothecate any Voting Stock at any time owned by it to secure any indebtedness, other than as permitted by subsection (b) of this Section, the Company will prior thereto give written notice thereof to the Trustee, and will prior to or simultaneously with such

pledge, mortgage or hypothecation, by supplemental indenture delivered to the Trustee, in form reasonably satisfactory to it, effectively secure all the Notes equally and ratably with such indebtedness, by pledge, mortgage or hypothecation of such Voting Stock. Such supplemental indenture shall contain provisions concerning the possession, control, release and substitution of mortgaged and pledged property and securities and other appropriate matters which are required or permitted by the TIA (as in effect at the date of execution of such supplemental indenture) to be included in a secured indenture qualified under the TIA, and may also contain such additional and mandatory provisions permitted by the TIA as may be necessary to, or as the Trustee may reasonably request to further secure, such pledge, mortgage or hypothecation.

Section 109. Limitation Upon Disposition of Stock of Principal Subsidiary Bank

As long as any of the Notes shall be outstanding, neither the Company nor any Subsidiary shall sell or otherwise dispose of any Voting Stock (or securities convertible into, or options, warrants or rights to subscribe for or purchase, such Voting Stock) (other than directors' qualifying shares) of any Principal Subsidiary Bank, except to the Company or any Intermediate Subsidiary, nor shall the Company or any Intermediate Subsidiary permit any Principal Subsidiary Bank to issue any Voting Stock (or securities convertible into, or options, warrants or rights to subscribe for or purchase, such Voting Stock) (other than directors' qualifying shares), except to the Company or any Intermediate Subsidiary, and except that the Company or a Subsidiary may make any such sale, assignment, transfer, or grant of a security interest or other disposition (A)(i) for fair market value on the date thereof, as determined by the Board of Directors of the Company (which determination shall be conclusive), and evidenced by a duly adopted resolution thereof, and (ii) in each such case, after giving effect thereto, the Company and any one or more Intermediate Subsidiaries will own at least 80% of the Voting Stock of the Principal Subsidiary Bank then issued and outstanding free and clear of any security interest or (B) in compliance with an order of a court or regulatory authority of competent jurisdiction. Notwithstanding the foregoing, a Principal Subsidiary Bank may be merged into or consolidated with another banking institution organized under the laws of the United States, any state thereof or the District of Columbia, if after giving effect to such merger or consolidation the Company and any one or more Intermediate Subsidiaries own at least 80% of the Voting Stock of such other banking institution and immediately after giving effect thereto and treating any such resulting bank thereafter as a Principal Subsidiary Bank for purposes of this Indenture, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing.

The provisions of this Section 1009 shall not prohibit the Company from consolidating with or merging into any other Person or from conveying, transferring or leasing the Company's properties and assets substantially as an entirety to any Person as otherwise permitted pursuant to Article Eight.

ARTICLE 11

REDEMPTION OF NOTES

Section 111. Optional Redemption. The Notes are not subject to redemption at the option of the Company prior to the Stated Maturity.

Section 112. Mandatory Redemption: Open Market Purchases. The Company shall not be required to make any mandatory redemption or sinking fund payments with respect to the Notes. The Company or its Affiliates may from time to time acquire Notes by means other than a redemption, whether by tender offer, exchange offer, in open market purchases, through negotiated transactions or otherwise, in accordance with applicable securities laws, upon such terms and at such prices as the Company or its Affiliates may determine, which may be more or less than the consideration for which the Notes are being sold and may be less than the redemption price then in effect and could be for cash or other consideration.

ARTICLE 12

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 121. Company's Option to Effect Legal Defeasance or Covenant Defeasance The Company may, at its option, and at any time, elect to have either Section 1202 or Section 1203 be applied to all Outstanding Notes upon compliance with the conditions set forth below in this Article Twelve.

Section 122. Legal Defeasance and Discharge. Upon the Company's exercise of the above option applicable to this Section 1202 with respect to any Notes, the Company shall be deemed to have been discharged from its obligations with respect to such Outstanding Notes on the date the conditions set forth in Section 1204 are satisfied (hereinafter, "Legal Defeasance"). For this purpose, such Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by such Outstanding Notes, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 1205 and the other Sections of this Indenture referred to in clauses (i) through (iv) of this paragraph, and to have satisfied all of its other obligations under such Notes and this Indenture insofar as such Notes are concerned (and the Trustee, at the expense of the Company, shall execute such instruments reasonably requested by the Company acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (i) the rights of Holders of such Outstanding Notes to receive, solely from the trust fund described in Section 1204 and as more fully set forth in this Article Twelve, payments in respect of the principal of (and premium, if any) and interest, if any, on such Notes when such payments are due, (ii) the obligations of the Company and the Trustee with respect to such Notes under Section 304, Section 305, Section 310, Section 1002 and Section 1003, (iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (iv) this Article Twelve. The Company may exercise its option under this Section 1202 notwithstanding the prior exercise of its option under Section 1203 with respect to such Notes.

Section 123. **Covenant Defeasance.** Upon the Company's exercise of the above option applicable to this Section 1203 with respect to any Notes, the Company shall be released from its obligations under Section 801, Section 1004, Section 1005, Section 1006, Section 1008, Section 1009 and any covenants provided pursuant to Section 901(b), with respect to such Outstanding Notes on and after the date the conditions set forth in Section 1204 are satisfied (hereinafter, "Covenant Defeasance"), and such Notes shall thereafter be deemed to be not "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with any such covenant, but shall continue to be deemed "Outstanding" for all other purposes hereunder. For this purpose, such Covenant Defeasance means that, with respect to such Outstanding Notes, the Company may omit to comply with, and shall have no liability in respect of, any term, condition or limitation set forth in any such Section or such other covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such Section or such other covenant or by reason of reference in any such Section or such other covenant to any other provision herein or in any other document and such omission to comply shall not constitute a default or an Event of Default under Section 501(3) or otherwise, as the case may be, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby.

Section 124. **Conditions to Legal Defeasance or Covenant Defeasance** The following shall be the conditions to application of either Section 1202 or Section 1203 to the Outstanding Notes:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 608 who shall agree to comply with the provisions of this Article Twelve applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Notes, (1) an amount in U.S. Dollars, or (2) Government Securities applicable to such Notes which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment of principal of (and premium, if any) and interest, if any, on such Notes, money in an amount, or (3) a combination thereof, in any case, in an amount, sufficient, without consideration of any reinvestment of such principal and interest, in the opinion of a nationally-recognized firm of independent public accountants, investment bank, or appraisal firm expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, (y) the principal of (and premium, if any) and interest, if any, on such Outstanding Notes on the Stated Maturity of such principal or installment of principal or interest or the applicable Redemption Date, as the case may be, and (z) any mandatory sinking fund payments or analogous payments applicable to such Outstanding Notes on the day on which such payments are due and payable in accordance with the terms of this Indenture and of such Notes.

(2) Such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which any of them is bound.

(3) No Event of Default or event which with notice or lapse of time or both would become an Event of Default with respect to such Notes shall have occurred and be continuing on the date of such deposit, and, solely in the case of Legal Defeasance under Section 1202, no Event of Default with respect to such Notes under clause (5) or (6) of Section 501 or event which with notice or lapse of time or both would become an Event of Default with respect to such Notes under clause (5) or (6) of Section 501 shall have occurred and be continuing at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition to Legal Defeasance under Section 1202 shall not be deemed satisfied until the expiration of such period).

(4) In the case of Legal Defeasance pursuant to Section 1202, the Company shall have delivered to the Trustee an opinion of independent counsel, appointed by the Company at its expense, stating that (x) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (y) since the date of this Indenture there has been a change in applicable federal income tax law, in either case to the effect that, and based thereon such opinion of independent counsel shall confirm that, the Holders and beneficial owners of such Outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; or, in the case of Covenant Defeasance pursuant to Section 1203, the Company shall have delivered to the Trustee an opinion of independent counsel to the effect that the Holders and beneficial owners of such Outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred.

(5) The Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent to the Legal Defeasance or Covenant Defeasance, as the case may be, under this Indenture have been complied with.

(6) If the monies or Government Securities or combination thereof, as the case may be, deposited under clause (a) above are sufficient to pay the principal of, and premium, if any, and interest, if any, on such Notes provided such Notes are redeemed on a particular Redemption Date, the Company shall have given the Trustee irrevocable instructions to redeem such Notes on such date and to provide notice of such redemption to Holders as provided in or pursuant to this Indenture.

Section 125. Deposited Money and Government Securities to Be Held in Trust; Other Miscellaneous Provisions All cash and Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 1205, the "Qualifying Trustee") pursuant to Section 1204 in respect of the Outstanding Notes shall be held in trust and applied by the Qualifying Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company or a Subsidiary acting as its own Paying Agent) as the Qualifying Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon

in respect of principal (and premium, if any) and interest, but such money or Government Securities need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Qualifying Trustee against any tax, fee or other charge imposed on or assessed against the Government Securities deposited pursuant to Section 1204 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the Outstanding Notes.

Anything in this Article Thirteen to the contrary notwithstanding, the Qualifying Trustee shall deliver or pay to the Company from time to time upon Company Request any money or Government Securities held by it as provided in Section 1204 which, in the opinion of a nationally recognized firm of independent public accountants, expressed in a written certification thereof delivered to the Qualifying Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance, as applicable, in accordance with this Article Thirteen.

Section 126. Reinstatement If the Trustee or any Paying Agent is unable to apply any money or Government Securities in accordance with Section 1205 by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Outstanding Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 1202 or Section 1203, as the case may be, until such time as the Trustee or Paying Agent is permitted to apply all such money or Government Securities in accordance with Section 1205; *provided, however,* that (a) if the Company makes any payment of principal of (or premium, if any) or interest on any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent; and (b) unless otherwise required by any legal proceeding or any other order or judgment of any court or governmental authority, the Trustee or Paying Agent (if other than the Company) shall return all such money and Government Securities to the Company promptly after receiving a written request therefor at any time, if such reinstatement of the Company's obligations has occurred and continues to be in effect.

Section 127. Repayment to Company Subject to any laws relating to abandoned property, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium and Additional Interest, if any, or interest on any Note and remaining unclaimed for two years after such principal, and premium and Additional Interest, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease.

ARTICLE 13
RESERVED

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

EAGLE BANCORP, INC.

By: /s/ Susan G. Riel
Name: Susan G. Riel
Title: Chief Executive Officer

By: /s/ Eric R. Newell
Name: Eric R. Newell
Title: Chief Financial Officer

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

By: /s/ Iris Munoz
Name: Iris Munoz
Title: Assistant Vice President

Appendix A

PROVISIONS RELATING TO INITIAL NOTES
AND EXCHANGE NOTES1. Definitions1.1 Definitions.

For the purposes of this Appendix the following terms shall have the meanings indicated below:

"Accredited Investor" means an "accredited investor" as defined in Rule 501(a) under the Securities Act.

"Applicable Procedures" means, with respect to any transfer or transaction involving a Global Note or beneficial interest therein, the rules and procedures of the Depository for such Global Note, Euroclear or Clearstream, in each case to the extent applicable to such transaction and as in effect from time to time.

"Certificated Note" means a certificated Initial Note or Exchange Note (other than a Global Note) bearing, if required, the appropriate restricted notes legend set forth in Section 2.3(d) of this Appendix.

"Clearstream" means Clearstream Banking, Société Anonyme, or any successor securities clearing agency.

"Depository" means The Depository Trust Company, its nominees and their respective successors.

"Exchange Notes" means (1) 10.00% Senior Notes due 2029 issued pursuant to the Indenture in connection with a Registered Exchange Offer pursuant to a Registration Rights Agreement and (2) Additional Notes, if any, issued pursuant to a registration statement filed with the SEC under the Securities Act.

"Euroclear" means Euroclear Bank S.A./N.Y., as operator of Euroclear systems Clearance System or any successor securities clearing agency.

"Global Note" means an Initial Note or Exchange Note (other than a Certificated Note) issued in the form of a permanent global note in definitive, fully registered form and bearing, if required, the appropriate restricted notes legend set forth in Section 2.3(d) of this Appendix.

"Initial Notes" means (1) \$77,665,000 aggregate principal amount of 10.00% Senior Notes due 2029 issued on the Issue Date and (2) Additional Notes, if any, issued in a transaction exempt from the registration requirements of the Securities Act.

"Notes" means the Initial Notes, any Additional Notes and the Exchange Notes, treated as a single class.

"Notes Custodian" means the custodian with respect to a Global Note (as appointed by the Depository), or any successor Person thereto and shall initially be the Trustee.

"Purchase Agreement" means (1) with respect to the Initial Notes issued on the Issue Date, the Purchase Agreement, dated September 30, 2024, between the Company and the Purchasers identified therein and (2) with respect to each issuance of Additional Notes, the purchase agreement or underwriting agreement between the Company and the Persons purchasing such Additional Notes.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Purchasers" means (1) with respect to the Initial Notes issued on the Issue Date, the purchasers identified in the Purchase Agreement and (2) with respect to each issuance of Additional Notes, the Persons purchasing such Additional Notes under the related Purchase Agreement.

"Registered Exchange Offer" means the offer by the Company, pursuant to a Registration Rights Agreement, to Holders of Initial Notes, to issue and deliver to such Holders, in exchange for the Initial Notes, a like aggregate principal amount of Exchange Notes registered under the Securities Act.

"Registration Rights Agreement" means (1) with respect to the Initial Notes issued on the Issue Date, the Registration Rights Agreement, dated September 30, 2024, among the Company and the Purchasers and (2) with respect to each issuance of Additional Notes issued in a transaction exempt from the registration requirements of the Securities Act, the registration rights agreement, if any, between the Company and the Persons purchasing such Additional Notes under the related Purchase Agreement.

"Restricted Notes Legend" means the applicable legend set forth in Section 2.3(d).

"Rule 144A" means Rule 144A under the Securities Act.

"Shelf Registration Statement" has the meaning given to such term in the Registration Rights Agreement.

"Transfer Restricted Notes" means Notes that bear or are required to bear the Restricted Notes Legend.

"Unrestricted Global Note" means any Note in global form that does not bear or is not required to bear the Restricted Notes Legend.

1.2 Other Definitions.

Term	Defined in Section:
"Agent Members"	2.1(b)
"Certificated Notes Legend"	2.3(d)
"Global Notes Legend"	2.3(d)
"Indenture"	1.3
"Rule 144A Global Note"	1(a)(i)

1.3 Capitalized terms used in this Appendix, but not defined, have the meanings ascribed to such terms in the Indenture to which this Appendix is attached (the "Indenture").

2. The Notes.

2.1 (i) Form and Dating. The Initial Notes shall be offered and sold by the Company pursuant to the Purchase Agreement. The Initial Notes shall be sold initially only to (i) QIBs and (ii) Accredited Investors. Initial Notes may thereafter be transferred to, among others, QIBs, subject to the restrictions on transfer set forth herein. Initial Notes initially sold to QIBs shall be issued initially in the form of one or more Global Notes (collectively, the "Rule 144A Global Note"); Initial Notes initially sold to Accredited Investors shall be issued initially in the form of one or more Certificated Notes.

(a) Rule 144A Global Note. The Rule 144A Global Note shall be issued without interest coupons and with the Global Notes Legend and the applicable Restricted Notes Legend set forth in Section 2.3(d) hereto and shall be deposited on behalf of the purchasers of the Initial Notes represented thereby with the Notes Custodian and registered in the name of the Depository or a nominee of the Depository, duly executed by the Company and upon receipt of a Company Order authenticated by the Trustee as provided in this Indenture.

The aggregate principal amount of the Rule 144A Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee as hereinafter provided.

(b) Book-Entry Provisions. This Section 2.1(b) shall apply only to a Global Note deposited with or on behalf of the Depository.

The Company shall execute and upon receipt of a Company Order the Trustee shall, in accordance with this Section 2.1(b), authenticate and deliver initially one or more Global Notes that (a) shall be registered in the name of the Depository or the nominee of the Depository and (b) shall be delivered by the Trustee to the Depository or pursuant to the Depository's instructions or held by the Trustee as custodian for the Depository.

Members of, or participants in, the Depository ("Agent Members") shall have no rights under the Indenture with respect to any Global Note held on their behalf by the Depository or by

the Trustee as the custodian of the Depository or under such Global Note, and the Company, the Trustee and any agent of the Company or the Trustee shall be entitled to treat the Depository as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices of such Depository governing the exercise of the rights of a Holder of a beneficial interest in any Global Note.

(c) Certificated Notes. Each Certificated Note shall be issued with the Certificated Notes Legend and the applicable Restricted Notes Legend set forth in Section 2.3(d) hereto.

Except as provided in this Section 2.1 or Section 2.3 or 2.4, owners of beneficial interests in the Global Notes shall not be entitled to receive physical delivery of Certificated Notes.

2.2 Authentication. The Trustee shall upon receipt of a Company Order specified in Section 202 of the Indenture authenticate and deliver: (1) on the Issue Date, an aggregate principal amount of \$77,665,000 10.00% Senior Notes due 2029, (2) any Additional Notes for an original issue in an aggregate principal amount specified in the written order of the Company pursuant to Section 202 of the Indenture and (3) Exchange Notes for issue only in a Registered Exchange Offer pursuant to a Registration Rights Agreement, for a like principal amount of Initial Notes, in each case upon a Company Order signed by any Officer. Such Company Order shall specify the amount of the Notes to be authenticated and the date on which the original issue of Notes is to be authenticated.

2.3 Transfer and Exchange.

(a) Transfer and Exchange of Certificated Notes. When Certificated Notes are presented to the Note Registrar with a request:

- (x) to register the transfer of such Certificated Notes; or
- (y) to exchange such Certificated Notes for an equal principal amount of Certificated Notes of other authorized denominations;

the Note Registrar shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that the Certificated Notes surrendered for transfer or exchange:

- (i) shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Note Registrar, duly executed by the Holder thereof or its attorney duly authorized in writing;
- (ii) in the case of Transfer Restricted Notes, are being transferred or exchanged pursuant to an effective registration statement under the Securities Act or

pursuant to Section 2.3(b) of this Appendix or otherwise in accordance with the applicable Restricted Notes Legend, and are accompanied by a certification from the transferor in the form in Exhibit 2 for exchange or registration of transfers and, as applicable, delivery of such legal opinions, certifications and other information as may be requested pursuant thereto.

(b) **Restrictions on Transfer of a Certificated Note for a Beneficial Interest in a Global Note** A Certificated Note may not be exchanged or transferred for a beneficial interest in a Global Note except (x) if such exchange is effected pursuant to the Registered Exchange Offer in accordance with the Registration Rights Agreement, (y) upon satisfaction of the requirements set forth in (i) below or (z) if such exchange is for a beneficial interest in an Unrestricted Global Note by a Holder who (A) is not, and during the preceding 90 days, has not been an Affiliate of the Company and (B) has held such Certificated Note for at least one year upon satisfaction of the requirements set forth in (ii) below, each as determined by the Company.

(i) Upon receipt by the Trustee of a Certificated Note, duly endorsed or accompanied by appropriate instruments of transfer, in form satisfactory to the Trustee, together with:

(A) a certification from the transferor in the form in Exhibit 2 for exchange or registration of transfers and, as applicable, delivery of such legal opinions, certifications and other information as may be requested pursuant thereto;

(B) written instructions directing the Trustee to make, or to direct the Notes Custodian to make, an adjustment on its books and records with respect to such Global Note to reflect an increase in the aggregate principal amount of the Notes represented by the Global Note, such instructions to contain information regarding the Depository account to be credited with such increase, then the Trustee shall cancel such Certificated Note and cause, or direct the Notes Custodian to cause, in accordance with the standing instructions and procedures existing between the Depository and the Notes Custodian, the aggregate principal amount of Notes represented by the Global Note to be increased by the aggregate principal amount of the Certificated Note to be exchanged and shall credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Global Note equal to the principal amount of the Certificated Note so canceled. If the Global Note is not then outstanding, the Company shall issue and the Trustee shall authenticate, upon receipt of a Company Order, a new Global Note in the appropriate principal amount; and

(C) in the case of a transfer of Certificated Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Global Note in reliance upon Rule 144, a certification by the transferor in writing that such transfer made in reliance on Rule 144 (such certification to be in the form set forth in Exhibit 2), and/or upon delivery of such legal opinions, certifications and other information as the Company or the Trustee may reasonably request. If no Unrestricted Global

Note is outstanding at the time of a transfer contemplated by this clause, the Company shall issue and the Trustee shall authenticate, upon written order of the Company, a new Unrestricted Global Note in the appropriate principal amount.

(ii) Upon receipt by the Trustee of a Certificated Note, duly endorsed or accompanied by appropriate instruments of exchange, in form satisfactory to the Trustee, together with:

(A) delivery of such legal opinions, certifications and other information as may be requested pursuant thereto; and

(B) written instructions directing the Trustee to make, or to direct the Notes Custodian to make, an adjustment on its books and records with respect to such Global Note to reflect an increase in the aggregate principal amount of the Notes represented by the Global Note, such instructions to contain information regarding the Depository account to be credited with such increase, then the Trustee shall cancel such Certificated Note and cause, or direct the Notes Custodian to cause, in accordance with the standing instructions and procedures existing between the Depository and the Notes Custodian, the aggregate principal amount of Notes represented by the Global Note to be increased by the aggregate principal amount of the Certificated Note to be exchanged and shall credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Global Note equal to the principal amount of the Certificated Note so canceled. If the Global Note is not then outstanding, the Company shall issue and the Trustee shall authenticate, upon receipt of a Company Order, a new Global Note in the appropriate principal amount.

(c) Transfer and Exchange of Global Notes

(i) The transfer and exchange of Global Notes or beneficial interests therein shall be effected through the Depository, in accordance with the Indenture (including applicable restrictions on transfer set forth herein, if any) and the procedures of the Depository therefor. A transferor of a beneficial interest in a Global Note shall deliver to the Note Registrar a written order given in accordance with the Depository's procedures containing information regarding the participant account of the Depository to be credited with a beneficial interest in the Global Note. The Note Registrar shall, in accordance with such instructions, instruct the Depository to credit to the account of the Person specified in such instructions a beneficial interest in the Global Note and to debit the account of the Person making the transfer the beneficial interest in the Global Note being transferred.

(ii) If the proposed transfer is a transfer of a beneficial interest in one Global Note to a beneficial interest in another Global Note, the Note Registrar shall reflect on its books and records the date and an increase in the principal amount of the Global Note to which such interest is being transferred in an amount equal to the principal amount of the interest to be so transferred, and the Note Registrar shall reflect on its books and records

the date and a corresponding decrease in the principal amount of the Global Note from which such interest is being transferred.

(iii) Notwithstanding any other provisions of this Appendix (other than the provisions set forth in Section 2.4), a Global Note may not be transferred as a whole except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

(iv) Transfers by an owner of a beneficial interest in a Rule 144A Global Note to a transferee who takes delivery of such interest through another Transfer Restricted Note shall be made in accordance with the Applicable Procedures and the Restricted Notes Legend and only upon receipt by the Trustee of a certification from the transferor in the form provided in Exhibit 2 for exchange or registration of transfers and, as applicable, delivery of such legal opinions, certifications and other information as may be requested pursuant thereto.

(v) Beneficial interests in a Transfer Restricted Note that is a Rule 144A Global Note may be exchanged for beneficial interests in a Global Note if the Holder certifies in writing to the Note Registrar that its request for such exchange is in respect of a transfer made in reliance on Rule 144 (such certification to be in the form set forth in Exhibit 2) and/or upon delivery of such legal opinions, certifications and other information as the Company or the Trustee may reasonably request.

(vi) If no Unrestricted Global Note is outstanding at the time of a transfer contemplated by the preceding clause (v), the Company shall issue and the Trustee shall authenticate, upon written order of the Company in the form of an Officer's Certificate, a new Unrestricted Global Note in the appropriate principal amount.

(vii) In the event that a Global Note is exchanged for Certificated Notes pursuant to Section 2.4 of this Appendix, prior to the consummation of a Registered Exchange Offer or the effectiveness of a Shelf Registration Statement with respect to such Notes, such Notes may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 2.3 (including the certification requirements set forth on the reverse of the Initial Notes (as set forth in Exhibit 2 hereto) intended to ensure that such transfers comply with Rule 144A or another applicable exemption under the Securities Act, as the case may be) and such other procedures as may from time to time be adopted by the Company.

(d) Legends.

(i) Except as permitted by the following paragraphs (ii), (iii) and (iv), each Note certificate evidencing the Rule 144A Global Notes and each Certificated Note (and all Notes issued in exchange therefor or in substitution thereof) shall bear a legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS ONE YEAR AFTER THE LATEST OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE; PROVIDED THAT IF THE HOLDER ACQUIRED THIS SECURITY FROM THE COMPANY ON THE ORIGINAL ISSUE DATE AND AT THE TIME OF SUCH ACQUISITION WAS AN AFFILIATE OF THE COMPANY, THIS LEGEND WILL ALSO BE REMOVED UPON THE REQUEST OF SUCH HOLDER AFTER THE LATER OF (A) ONE YEAR AFTER THE ORIGINAL ISSUE DATE AND (B) 90 DAYS AFTER SUCH HOLDER CEASES TO BE AN AFFILIATE OF THE COMPANY, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO SUCH REMOVAL TO REQUIRE THE DELIVERY OF AN

OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

BY ITS ACQUISITION OF THIS SECURITY, THE HOLDER HEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THIS SECURITY CONSTITUTES THE ASSETS OF AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT (A "PLAN ASSET ENTITY"), A GOVERNMENTAL PLAN AS DEFINED IN SECTION 3(32) OF ERISA (A "GOVERNMENTAL PLAN"), A CHURCH PLAN AS DEFINED IN SECTION 3(33) OF ERISA THAT HAS NOT MADE AN ELECTION UNDER SECTION 410(D) OF THE CODE (A "CHURCH PLAN"), OR A NON-US PLAN THAT IS SUBJECT TO PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER SIMILAR LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("SIMILAR LAWS"), OR AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT, OR (2) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

Each Certificated Note shall also bear the following additional legend (the "Certificated Notes Legend"):

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE NOTE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

Each Global Note shall bear the following additional legend (the "Global Notes Legend"):

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER,

EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

(ii) Upon any sale or transfer of a Transfer Restricted Note (including any Transfer Restricted Note represented by a Global Note) pursuant to Rule 144 under the Securities Act, the Note Registrar shall permit the transferee thereof to exchange such Transfer Restricted Note for a certificated Note that does not bear the legend set forth above and rescind any restriction on the transfer of such Transfer Restricted Note, if the transferor thereof certifies in writing to the Note Registrar that such sale or transfer was made in reliance on Rule 144 (such certification to be in the form set forth in Exhibit 2).

(iii) After a transfer of any Initial Notes pursuant to and during the period of the effectiveness of a Shelf Registration Statement with respect to such Initial Notes, as the case may be, all requirements pertaining to legends on such Initial Note shall cease to apply, the requirements requiring any such Initial Note issued to certain Holders be issued in global form shall cease to apply, and a certificated Initial Note or an Initial Note in global form, in each case without restrictive transfer legends, shall be available to the transferee of the Holder of such Initial Notes upon exchange of such transferring Holder's certificated Initial Note or directions to transfer such Holder's interest in the Global Note, as applicable.

(iv) Upon the consummation of a Registered Exchange Offer with respect to the Initial Notes, all requirements pertaining to such Initial Notes that Initial Notes issued to certain Holders be issued in global form shall still apply with respect to Holders of such Initial Notes that do not exchange their Initial Notes, and Exchange Notes in certificated or global form, in each case without the restricted notes legend set forth in Exhibit 1 hereto shall be available to Holders that exchange such Initial Notes in such Registered Exchange Offer.

(e) Registered Exchange Offer. Upon the occurrence of a Registered Exchange Offer in accordance with the Registration Rights Agreement, the Company shall issue and the Trustee

shall authenticate in accordance with Article Two of the Indenture one or more Unrestricted Global Notes in an aggregate principal amount equal to the sum of (x) the principal amount of the beneficial interests in the Global Notes that are Transfer Restricted Notes and (y) Certificated Notes that are Transfer Restricted Notes that, in each case, are tendered for acceptance by Persons that provide certifications in the applicable letter of transmittal or pursuant to the applicable agent's message in accordance with the Registration Rights Agreement and accepted for exchange in a Registered Exchange Offer, unless such Person elects to receive an unrestricted Certificated Note instead of a beneficial interest in such Unrestricted Global Note. In such circumstances, the Company shall issue and the Trustee shall authenticate in accordance with Article Two of the Indenture one or more Certificated Notes that do not bear the Restricted Notes Legend. Concurrently with the issuance of such Exchange Notes, the Trustee shall cause the aggregate principal amount of the Global Notes that are Transfer Restricted Notes to be reduced accordingly.

(f) Cancellation or Adjustment of Global Note At such time as all beneficial interests in a Global Note have been exchanged for Certificated Notes, redeemed, purchased or canceled, such Global Note shall be returned to the Depository for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for certificated Notes, redeemed, purchased or canceled, the principal amount of Notes represented by such Global Note shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Notes Custodian for such Global Note) with respect to such Global Note, by the Trustee or the Notes Custodian, to reflect such reduction.

(g) No Obligation of the Trustee

(i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Note, a member of, or a participant in the Depository or other Person with respect to the accuracy of the records of the Depository or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depository) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders under the Notes shall be given or made only to or upon the order of the registered Holders (which shall be the Depository or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through the Depository subject to the Applicable Procedures. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its members, participants and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Depository participants, members or beneficial owners in any Global Note) other than to require delivery of such certificates and other

documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of the Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

2.4 Transfers of Beneficial Interests in Global Notes for Certificated Notes

(a) A Global Note deposited with the Depository or with the Trustee as Notes Custodian for the Depository pursuant to Section 2.1 shall be transferred to the beneficial owners thereof in the form of Certificated Notes in an aggregate principal amount equal to the principal amount of such Global Note, in exchange for such Global Note, only if such transfer complies with Section 2.3 hereof and if (i) the Depository notifies the Company that it is unwilling or unable to continue as depositary for such Global Note and the Depository fails to appoint a successor depositary within 90 days; (ii) Depository ceases to be registered as a "clearing agency" under the Exchange Act; and in the case of either clause (i) or clause (ii), a successor depositary is not appointed by the Company within 90 days of such notice, (iii) the Company, at its option, notifies the Trustee that it elects to cause the issuance of Certificated Notes and any Agent Member requests a Certificated Note in accordance with the Depository's procedures, or (iv) a Default has occurred and is continuing.

(b) Any Global Note that is transferable to the beneficial owners thereof pursuant to this Section 2.4 shall be surrendered by the Depository to the Trustee located at its principal Corporate Trust Office to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Global Note, an equal aggregate principal amount of Certificated Notes of authorized denominations. Any portion of a Global Note transferred pursuant to this Section 2.4 shall be executed, authenticated and delivered only in minimum denominations of \$2,000 principal amount and any integral multiple of \$1,000 in excess thereof and registered in such names as the Depository shall direct. Any Certificated Note delivered in exchange for an interest in the Transfer Restricted Note shall, except as otherwise provided by Section 2.3(e) hereof, bear the applicable Restricted Notes Legend and Certificated Notes Legend set forth in Exhibit 1 hereto.

(c) Subject to the provisions of Section 2.4(b) hereof, the registered Holder of a Global Note shall be entitled to grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under the Indenture or the Notes.

(d) In the event of the occurrence of one of the events specified in Section 2.4(a) hereof, the Company shall promptly make available to the Trustee a reasonable supply of Certificated Notes in definitive, fully registered form without interest coupons. In the event that such Certificated Notes are not issued, the Company expressly acknowledges, with respect to the right of any Holder to pursue a remedy pursuant to the Indenture, including pursuant to Section 507, the right of any beneficial owner of Notes to pursue such remedy with respect to the portion of the Global Note that represents such beneficial owner's Notes as if such Certificated Notes had been issued.

EXHIBIT 1
to Appendix A

[FORM OF FACE OF INITIAL NOTE]

[Global Notes Legend]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

[Restricted Notes Legend for Transfer Restricted Notes]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS ONE YEAR AFTER THE LATEST OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER

THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE; PROVIDED THAT IF THE HOLDER ACQUIRED THIS SECURITY FROM THE COMPANY ON THE ORIGINAL ISSUE DATE AND AT THE TIME OF SUCH ACQUISITION WAS AN AFFILIATE OF THE COMPANY, THIS LEGEND WILL ALSO BE REMOVED UPON THE REQUEST OF SUCH HOLDER AFTER THE LATER OF (A) ONE YEAR AFTER THE ORIGINAL ISSUE DATE AND (B) 90 DAYS AFTER SUCH HOLDER CEASES TO BE AN AFFILIATE OF THE COMPANY, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO SUCH REMOVAL TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

BY ITS ACQUISITION OF THIS SECURITY, THE HOLDER HEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THIS SECURITY CONSTITUTES THE ASSETS OF AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT (A "PLAN ASSET ENTITY"), A GOVERNMENTAL PLAN AS DEFINED IN SECTION 3(32) OF ERISA (A "GOVERNMENTAL PLAN"), A CHURCH PLAN AS DEFINED IN SECTION 3(33) OF ERISA THAT HAS NOT MADE AN ELECTION UNDER SECTION 410(D) OF THE CODE (A "CHURCH PLAN"), OR A NON-US PLAN THAT IS SUBJECT TO PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER SIMILAR LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("SIMILAR LAWS"), OR AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT, OR (2) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

[Certificated Notes Legend]

-2-

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE NOTE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

No. \$

10.00% Senior Notes due 2029

CUSIP No. []
ISIN No. []

Eagle Bancorp, Inc., a Maryland corporation, promises to pay to _____, or registered assigns, the principal sum of _____ U.S. Dollars on September 30, 2029.

Interest Payment Dates: March 30 and September 30.

Record Dates: March 15 and September 15.

Additional provisions of this Note are set forth on the other side of this Note.

EAGLE BANCORP, INC.

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Wilmington Trust, National Association, as Trustee
certifies that this is one of the Notes
referred to in the Indenture.

By _____
Authorized Signatory

Dated:

[FORM OF REVERSE SIDE OF INITIAL NOTE]

10.00% Senior Notes due 2029

Capitalized terms used herein but not defined herein shall have the meanings given to such terms in the Indenture.

1. Principal and Interest

Eagle Bancorp, Inc. (the "Company") shall pay the principal of this Note on September 30, 2029.

The Company promises to pay interest and Additional Interest, if any, on the principal amount of this Note on each Interest Payment Date, as set forth below, at the rate set forth below (subject to adjustment as provided below).

Interest on the Notes shall accrue at the rate of 10.00% per annum and be payable in cash.

Interest, and Additional Interest, if any, shall be payable semi-annually in arrears (to the Holders of the Notes at the close of business on March 15 or September 15 immediately preceding the Interest Payment Date) on each Interest Payment Date, commencing March 30, 2025.

The Holder of this Note is entitled to the benefits of the Registration Rights Agreement, dated September 30, 2024, among the Company and the Purchasers (the "Registration Rights Agreement"), including with respect to Additional Interest.

Interest on this Note shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from September 30, 2024 interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Company shall pay interest and Additional Interest, if any, on overdue principal at the rate equal to the then applicable interest rate on the Notes, and it shall pay interest on overdue installments of interest at the same rate, in any case to the extent lawful.

3. Method of Payment

The Company shall pay interest (except Defaulted Interest) on the principal amount of the Notes on each March 30 and September 30 to the Persons who are Holders (as reflected in the Note Register at the close of business on March 15 and September 15 immediately preceding the Interest Payment Date), in each case, even if the Note is transferred or exchanged after such Regular Record Date, except as provided in Section 306(b) of the Indenture with respect to Defaulted Interest; provided that, with respect to the payment of principal, the Company shall make payment to the Holder that surrenders this Note to any Paying Agent on or after September 30, 2029.

The Company shall pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may pay principal and interest by its check payable in such money. The Company may pay interest on the Notes by check mailed to the Holders at their respective addresses set forth in the Note Register or, if in accordance with arrangements satisfactory to the Trustee and the Company, at the option of the Holder, by wire transfer of immediately available funds to the account designated in writing the Holder; *provided* that all payments of principal, and interest and with respect to Notes represented by one or more permanent Global Notes registered in the name of or held by the Depository or its nominee shall be made by wire transfer of immediately available funds to the accounts specified by the Holder or Holders thereof. If a payment date is a Legal Holiday, payment may be made on the next succeeding day that is a Business Day as if made on the date that the payment was due, and no interest shall accrue for the intervening period.

4. Paying Agent and Note Registrar.

Initially, Wilmington Trust, National Association (the "Trustee") shall act as Paying Agent and Note Registrar. The Company may change any Paying Agent or Note Registrar upon written notice thereto and without notice to the Holders. The Company may act as Paying Agent, Note Registrar or co-registrar.

5. Indenture.

The Company issued the Notes under an Indenture dated as of September 30, 2024 (the "Indenture") among the Company and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act. The Notes are subject to all such terms, and Holders are referred to the Indenture and the Trust Indenture Act for a statement of all such terms. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Note and the terms of the Indenture, the terms of the Indenture shall control.

The Notes are unsecured senior obligations of the Company. The Indenture does not limit the aggregate principal amount of the Notes. Subject to the conditions set forth in the Indenture, the Company may issue Additional Notes.

6. Mandatory Redemption.

The Company is not required to make any mandatory redemption or sinking fund payments with respect to the Notes.

7. Optional Redemption.

The Notes are not subject to redemption at the option of the Company prior to the Stated Maturity.

8. Denominations; Transfer; Exchange.

The Notes are in registered form without coupons in minimum denominations of \$2,000 principal amount and integral multiples of \$1,000 in excess thereof. A Holder may transfer or exchange Notes in accordance with the Indenture. The Note Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company shall not be required, and without the prior written consent of the Company, the Note Registrar shall not be required, to register the transfer of or exchange of any Note (i) if applicable, during a period beginning at the opening of business 15 days before provision of a notice of redemption of Notes and ending at the close of business on the day of such provision, (ii) if applicable, selected for redemption in whole or in part and (iii) beginning at the opening of business on any record date and ending on the close of business on the related Interest Payment Date.

9. Persons Deemed Owners.

A registered Holder may be treated as the owner of a Note for all purposes.

10. Unclaimed Money.

Subject to applicable laws relating to abandoned property, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (or premium, if any) or interest on any Note and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease.

11. Defeasance Prior to Redemption or Maturity.

Subject to satisfaction of conditions set forth in the Indenture, the Company at any time may terminate some or all of its obligations under the Notes and the Indenture if the Company has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. Dollars, Government Securities, or a combination thereof, in such amounts as shall be sufficient without consideration of any reinvestment of interest to pay and discharge the entire indebtedness on such Notes not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption, as the case may be.

12. Amendment; Supplement; Waiver.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the

Holders of the Notes issued under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding affected thereby. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Notes at the time outstanding, on behalf of the Holders of all Notes, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and its consequences. Any such consent or waiver shall be binding upon all future Holders of this Note and of any Notes issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note. The Indenture also permits the Company and the Trustee, without notice to or consent of the Holders of the Notes, to enter into one or more indentures supplemental thereto for the purposes specified in the Indenture.

13. Restrictive Covenants.

The Indenture contains certain covenants, including covenants with respect to the following matters: (i) liens; (ii) merger, consolidation or sale of all or substantially all assets; and (iii) dispositions of stock of a Principal Subsidiary Bank. Within 120 days (or the successor time period then in effect under the rules and regulations of the Exchange Act) after the end of each fiscal year, the Company must report to the Trustee on compliance with such limitations.

14. Successor Persons.

When a successor Person or other entity assumes all the obligations of its predecessor under the Notes and the Indenture, the predecessor Person shall be released from those obligations, subject to certain exceptions and conditions.

15. Remedies for Events of Default.

If an Event of Default with respect to the Notes occurs and is continuing, either the Trustee or the Holders of at least 25% of the aggregate principal amount of the outstanding Notes may declare the principal of all the Notes, and accrued and unpaid interest, if any, thereon, to be due and payable immediately. At any time after the Notes have been accelerated, but before a judgment or decree based on acceleration has been obtained, the Holders of a majority of the aggregate principal amount of outstanding Notes may, under certain circumstances provided in the Indenture, rescind and annul such acceleration.

16. Trustee Dealings with Company.

The Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to TIA Sections 310(b) and 311, may otherwise deal with the Company with the same rights it would have if it were not the Trustee; *provided, however,* that, if it acquires any conflicting interest, it must eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign.

17. Authentication.

This Note shall not be valid until an authorized signatory of the Trustee signs the certificate of authentication on the other side of this Note.

18. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A (= Uniform Gifts to Minors Act).

19. CUSIP Number.

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP and ISIN numbers to be printed on the Notes and has directed the Trustee to use CUSIP and ISIN numbers in notices relating to the Notes as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

20. Holders' Compliance with the Registration Rights Agreement

Each Holder of a Note, by acceptance hereof, acknowledges and agrees to the provisions of the Registration Rights Agreement, dated as of September 30, 2024, including the obligations of the Holders with respect to a registration and the indemnification of the Company to the extent provided therein.

21. Governing Law.

THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

The Company shall furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to Eagle Bancorp, Inc., 7830 Old Georgetown Road, Third Floor, Bethesda, Maryland 20814; Attention: Chief Financial Officer.

[TO BE ATTACHED TO GLOBAL NOTES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The following increases or decreases in this Global Note have been made:

Date of exchange	Amount of decrease in principal amount of this Global Note	Amount of increase in principal amount of this Global Note	Principal amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Notes Custodian

EXHIBIT 2
to Appendix A

ASSIGNMENT/TRANSFER FORM FOR TRANSFER RESTRICTED NOTES

To assign and transfer this Note, fill in the form below:

Reference is hereby made to the Indenture, dated as of September 30, 2024, among Eagle Bancorp, Inc. and Wilmington Trust, National Association (the "Indenture"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

I or we assign and transfer this Note to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: ____ Your Signature: ____

Sign exactly as your name appears on the other side of this Note.

In connection with any transfer of any of the Notes evidenced by this certificate occurring prior to the date that is one year after the later of the date of original issuance of such Notes and the last date, if any, on which such Notes were owned by the Company or any Affiliate of the Company, the undersigned confirms that such Notes are being transferred in accordance with its terms:

PART I: CHECK ONE BOX BELOW

- (1) to the Company or a subsidiary thereof; or
- (2) to the Note Registrar for registration in the name of the Holder, without transfer; or
- (3) pursuant to an effective registration statement under the Securities Act; or
- (4) to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act;
- (5) pursuant to Rule 144 under Securities Act; or
- (6) pursuant to another exemption from the registration requirements under the Securities Act.

PART II: CHECK ONE BOX BELOW

- (1) I or we are not, and during the 90 days prior to the date hereof have not been, an Affiliate of the Company;
- (2) I or we are an Affiliate of the Company; or
- (3) I or we are not an Affiliate of the Company but during the 90 days prior to the date hereof have been an Affiliate of the Company.

Unless one of the boxes for each of Part I and Part II is checked, the Trustee shall refuse to register any of the Notes evidenced by this certificate in the name of any person other than the registered holder thereof; *provided, however,* that if either box (5) or (6) of Part I is checked, the Trustee shall be entitled to require, prior to registering any such transfer of the Notes, such legal opinions, certifications (including, without limitation and in the case of (6), certifications from the transferee) and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to Rule 144 or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Signature __

Signature Guarantor: __

____ Signature must be guaranteed Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Note Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Note Registrar in addition to, or in substitution for, STAMP, all in accordance with the Exchange Act.

TO BE COMPLETED BY PURCHASER IF BOX (4) OF PART I ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Date: ____
Notice: To be executed by an executive officer

[FORM OF FACE OF EXCHANGE NOTE]

0.

10.00% Senior Notes due 2029

CUSIP No. []
ISIN No. []

Eagle Bancorp, Inc., a Maryland corporation, promises to pay to _____, or registered assigns, the principal sum of _____ U.S. Dollars on September 30, 2029.

Interest Payment Dates: March 30 and September 30.

Record Dates: March 15 and September 15.

Additional provisions of this Note are set forth on the other side of this Note.

1 [If the Note is to be issued in global form add the Global Notes Legend from Exhibit 1 to Appendix A and the attachment from such Exhibit 1 captioned "[TO BE ATTACHED TO GLOBAL NOTES] SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE."]

EAGLE BANCORP, INC.

By _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Wilmington Trust, National Association, as Trustee certifies that this is one of the Notes referred to in the Indenture.

By _____
Authorized Signatory

Dated:

[FORM OF REVERSE SIDE OF EXCHANGE NOTE]

10.00% Senior Notes due 2029

Capitalized terms used herein but not defined herein shall have the meanings given to such terms in the Indenture.

1. Principal and Interest

Eagle Bancorp, Inc. (the "Company") shall pay the principal of this Note on September 30, 2029.

The Company promises to pay interest on the principal amount of this Note on each Interest Payment Date, as set forth below, at the rate set forth below (subject to adjustment as provided below).

Interest on the Notes shall accrue at the rate of 10.00% per annum and be payable in cash.

Interest shall be payable semi-annually in arrears (to the Holders of the Notes at the close of business on March 15 or September 15 immediately preceding the Interest Payment Date) on each Interest Payment Date, commencing March 30, 2025.

Interest on this Note shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from September 30, 2024 interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Company shall pay interest on overdue principal at the rate equal to the then applicable interest rate on the Notes, and it shall pay interest on overdue installments of interest at the same rate, in any case to the extent lawful.

22. Method of Payment

The Company shall pay interest (except Defaulted Interest) on the principal amount of the Notes on each March 30 and September 30 to the Persons who are Holders (as reflected in the Note Register at the close of business on March 15 and September 15 immediately preceding the Interest Payment Date), in each case, even if the Note is transferred or exchanged after such Regular Record Date, except as provided in Section 306(b) of the Indenture with respect to Defaulted Interest; *provided* that, with respect to the payment of principal, the Company shall make payment to the Holder that surrenders this Note to any Paying Agent on or after September 30, 2029.

The Company shall pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may pay principal and interest by its check payable in such money. The Company may pay interest on the Notes by check mailed to the Holders at their respective addresses set forth in the Note Register or, if in accordance with arrangements satisfactory to the Trustee and the Company, at the option of the Holder, by wire transfer of immediately available funds to the

account designated in writing by the Holder; *provided* that all payments of principal and interest and with respect to Notes represented by one or more permanent Global Notes registered in the name of or held by the Depository or its nominee shall be made by wire transfer of immediately available funds to the accounts specified by the Holder or Holders thereof. If a payment date is a Legal Holiday, payment may be made on the next succeeding day that is a Business Day as if made on the date that the payment was due, and no interest shall accrue for the intervening period.

23. Paying Agent and Note Registrar.

Initially, Wilmington Trust, National Association (the "Trustee") shall act as Paying Agent and Note Registrar. The Company may change any Paying Agent or Note Registrar upon written notice thereto and without notice to the Holders. The Company may act as Paying Agent, Note Registrar or co-registrar.

24. Indenture.

The Company issued the Notes under an Indenture dated as of September 30, 2024 (the "Indenture") among the Company and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act. The Notes are subject to all such terms, and Holders are referred to the Indenture and the Trust Indenture Act for a statement of all such terms. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Note and the terms of the Indenture, the terms of the Indenture shall control.

The Notes are unsecured senior obligations of the Company. The Indenture does not limit the aggregate principal amount of the Notes. Subject to the conditions set forth in the Indenture, the Company may issue Additional Notes.

25. Mandatory Redemption.

The Company is not required to make any mandatory redemption or sinking fund payments with respect to the Notes.

26. Optional Redemption.

The Notes are not subject to redemption at the option of the Company prior to the Stated Maturity.

27. Denominations; Transfer; Exchange.

The Notes are in registered form without coupons in minimum denominations of \$2,000 principal amount and integral multiples of \$1,000 in excess thereof. A Holder may transfer or exchange Notes in accordance with the Indenture. The Note Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company shall not be required, and without the prior written

consent of the Company, the Note Registrar shall not be required, to register the transfer of or exchange of any Note (i) if applicable, during a period beginning at the opening of business 15 days before provision of a notice of redemption of Notes and ending at the close of business on the day of such provision, (ii) if applicable, selected for redemption in whole or in part and (iii) beginning at the opening of business on any record date and ending on the close of business on the related Interest Payment Date.

28. Persons Deemed Owners.

A registered Holder may be treated as the owner of a Note for all purposes.

29. Unclaimed Money.

Subject to applicable laws relating to abandoned property, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (or premium, if any) or interest on any Note and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease.

30. Defeasance Prior to Redemption or Maturity.

Subject to satisfaction of conditions set forth in the Indenture, the Company at any time may terminate some or all of its obligations under the Notes and the Indenture if the Company has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. Dollars, Government Securities, or a combination thereof, in such amounts as shall be sufficient without consideration of any reinvestment of interest to pay and discharge the entire indebtedness on such Notes not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption, as the case may be.

31. Amendment; Supplement; Waiver.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Notes issued under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding affected thereby. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Notes at the time outstanding, on behalf of the Holders of all Notes, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and its consequences. Any such consent or waiver shall be binding upon all future Holders of this Note and of any Notes issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not

notation of such consent or waiver is made upon this Note. The Indenture also permits the Company and the Trustee, without notice to or consent of the Holders of the Notes, to enter into one or more indentures supplemental thereto for the purposes specified in the Indenture.

32. Restrictive Covenants.

The Indenture contains certain covenants, including covenants with respect to the following matters: (i) liens; (ii) merger, consolidation or sale of all or substantially all assets; and (iii) dispositions of stock of a Principal Subsidiary Bank. Within 120 days (or the successor time period then in effect under the rules and regulations of the Exchange Act) after the end of each fiscal year, the Company must report to the Trustee on compliance with such limitations.

33. Successor Persons.

When a successor Person or other entity assumes all the obligations of its predecessor under the Notes and the Indenture, the predecessor Person shall be released from those obligations, subject to certain exceptions and conditions.

34. Remedies for Events of Default.

If an Event of Default with respect to the Notes occurs and is continuing, either the Trustee or the Holders of at least 25% of the aggregate principal amount of the outstanding Notes may declare the principal of all the Notes, and accrued and unpaid interest, if any, thereon, to be due and payable immediately. At any time after the Notes have been accelerated, but before a judgment or decree based on acceleration has been obtained, the Holders of a majority of the aggregate principal amount of outstanding Notes may, under certain circumstances provided in the Indenture, rescind and annul such acceleration.

35. Trustee Dealings with Company.

The Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to TIA Sections 310(b) and 311, may otherwise deal with the Company with the same rights it would have if it were not the Trustee; *provided, however, that, if it acquires any conflicting interest, it must eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign.*

36. Authentication.

This Note shall not be valid until an authorized signatory of the Trustee signs the certificate of authentication on the other side of this Note.

37. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A (= Uniform Gifts to Minors Act).

38. CUSIP Number.

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP and ISIN numbers to be printed on the Notes and has directed the Trustee to use CUSIP and ISIN numbers in notices relating to the Notes as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

39. Governing Law.**THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

The Company shall furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to Eagle Bancorp, Inc., 7830 Old Georgetown Road, Third Floor, Bethesda, Maryland 20814; Attention: Chief Financial Officer.

ASSIGNMENT/TRANSFER FORM

To assign and transfer this Note, fill in the form below:

I or we assign and transfer this Note to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Dated:____ Your Signature:_____

Sign exactly as your name appears on the other side of this Note.

NOTICE: The signature(s) to this assignment must correspond with the name as written upon the within instrument in every particular, without alteration or enlargement, or any change whatever.

SIGNATURE GUARANTEED:_____

NOTICE: The signature(s) must be guaranteed by an eligible guarantor institution (e.g., banks, securities brokers or dealers, credit unions, national securities exchanges and savings associations) which is a member of or participant in a signature guarantee program recognized by the Securities Registrar pursuant to Rule 17Ad-15 under the Securities Exchange Act of 1934.

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement") is dated as of September 30, 2024 and is made by and among Eagle Bancorp, Inc., a Maryland corporation and registered bank holding company (the "Company"), and the several purchasers of the Initial Notes (as defined below) identified on the signature pages to the Purchase Agreement (as defined below) (collectively, the "Purchasers").

This Agreement is made pursuant to the Senior Note Purchase Agreement dated September 30, 2024 by and among the Company and the Purchasers (the "Purchase Agreement"), which provides for the sale by the Company to the Purchasers of \$77,665,000 aggregate principal amount of the Company's 10.00% Senior Notes due 2029, which were issued on September 30, 2024 (the "Initial Notes"). In order to induce the Purchasers to enter into the Purchase Agreement and in satisfaction of a condition to the Purchasers' obligations thereunder, the Company has agreed to provide to the Purchasers and their respective direct and indirect transferees and assigns the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the closing under the Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. **Definitions.** As used in this Agreement, the following capitalized terms shall have the following meanings:

Broker-Dealer: Any broker or dealer registered under the Exchange Act.

Business Day: Any day other than a Saturday, Sunday or U.S. federal holiday or a day on which banking institutions or trust companies located in New York, New York are authorized or obligated to be closed.

Closing Date: The date of this Agreement.

Commission: The Securities and Exchange Commission.

Consummate: A registered Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (i) the filing and effectiveness under the Securities Act of the Exchange Offer Registration Statement relating to the Exchange Notes to be issued in the Exchange Offer, (ii) the maintenance of such Exchange Offer Registration Statement as continuously effective and the keeping of the Exchange Offer open for a period not less than the minimum period required pursuant to Section 3(b) hereof, and (iii) the delivery by the Company to the Note Registrar under the Indenture of Exchange Notes in the same aggregate principal amount as the aggregate principal amount of Initial Notes that were tendered during such period by Holders thereof pursuant to the Exchange Offer.

Effectiveness Target Date: As defined in Section 5 hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Exchange Offer: The registration by the Company under the Securities Act of the Exchange Notes pursuant to a Registration Statement pursuant to which the Company offers the Holders of all outstanding Transfer Restricted Notes the opportunity to exchange all such outstanding Transfer Restricted Notes held by such Holders for Exchange Notes in an aggregate principal amount equal to the aggregate principal amount of the Transfer Restricted Notes tendered in such exchange offer by such Holders.

Exchange Offer Registration Statement: The Registration Statement relating to the Exchange Offer, including the related Prospectus.

Exchange Notes: The 10.00% Senior Notes due 2029 to be issued to Holders in exchange for Transfer Restricted Notes pursuant to this Agreement.

FINRA: Financial Industry Regulatory Authority, Inc.

Holders: As defined in Section 2(b) hereof.

Indemnified Holder: As defined in Section 8(a) hereof.

Indenture: The Indenture, dated as of September 30, 2024, by and between the Company and Wilmington Trust, National Association, as trustee (the *Trustee*), pursuant to which the Notes are to be issued, as such Indenture has been or is amended or supplemented from time to time in accordance with the terms thereof.

Initial Notes: As defined in the preamble hereto.

Initial Placement: The issuance and sale by the Company of the Initial Notes to the Purchasers pursuant to the Purchase Agreement.

Interest Payment Date: As defined in the Indenture and the Notes.

Notes: The Initial Notes together with the Exchange Notes.

Person: An individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

Prospectus: The prospectus included in a Registration Statement, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such prospectus.

Purchasers: As defined in the preamble hereto.

Registration Default: As defined in Section 5 hereof.

Registration Statement: Any registration statement of the Company relating to (a) an offering of Exchange Notes pursuant to an Exchange Offer or (b) the registration for resale of Transfer Restricted Notes pursuant to the Shelf Registration Statement, which is filed pursuant to the provisions of this Agreement, in each case, including the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

Securities Act: The Securities Act of 1933, as amended.

Shelf Filing Deadline: As defined in Section 4(a) hereof.

Shelf Registration Statement: As defined in Section 4(a) hereof.

Suspension Period: As defined in Section 6 hereof.

Transfer Restricted Notes: Each Initial Note, until the earliest to occur of (a) the date on which such Initial Note is exchanged in the Exchange Offer for an Exchange Note entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Securities Act, (b) the date on which such Initial Note has been effectively registered under the Securities Act and disposed of in accordance with a Shelf Registration Statement and (c) the date on which such Initial Note is distributed to the public by a Broker-Dealer pursuant to the "Plan of Distribution" contemplated by the Exchange Offer Registration Statement (including delivery of the Prospectus contained therein).

Trust Indenture Act: The Trust Indenture Act of 1939, as amended, which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder.

Underwritten Registration or Underwritten Offering: A registration in which securities of the Company are sold to an underwriter for re-offering to the public.

2. Notes Subject to this Agreement

- (a) *Transfer Restricted Notes.* The securities entitled to the benefits of this Agreement are the Transfer Restricted Notes.
- (b) *Holders of Transfer Restricted Notes.* A Person is deemed to be a holder of Transfer Restricted Notes (each, a **Holder**) whenever such Person owns Transfer Restricted Notes.

3. Registered Exchange Offer.

- (a) Unless the Exchange Offer shall not be permissible under applicable law or Commission policy (after the procedures set forth in Section 6(a) hereof have been complied

with), the Company shall (i) cause to be filed with the Commission no later than 60 days after the Closing Date (or if such 60th day is not a Business Day, the next succeeding Business Day), a Registration Statement under the Securities Act relating to the Exchange Notes and the Exchange Offer, (ii) use its commercially reasonable efforts to cause such Registration Statement to become effective no later than 120 days after the Closing Date (or if such 120th day is not a Business Day, the next succeeding Business Day), (iii) in connection with the foregoing, use its commercially reasonable efforts to file (A) all pre-effective amendments to such Registration Statement as may be necessary in order to cause such Registration Statement to become effective, (B) if applicable, a post-effective amendment to such Registration Statement pursuant to Rule 430A under the Securities Act and (C) all necessary filings in connection with the registration and qualification of the Exchange Notes to be made under the state securities or blue sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer, and (iv) upon the effectiveness of such Registration Statement, commence the Exchange Offer. The Exchange Offer Registration Statement shall be on the appropriate form permitting registration of the Exchange Notes to be offered in exchange for the Transfer Restricted Notes and to permit resales of Initial Notes held by Broker-Dealers as contemplated by Section (c) hereof.

(b) The Company shall use commercially reasonable efforts to cause the Exchange Offer Registration Statement to be effective continuously and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer; *provided, however,* that in no event shall such period be less than 20 Business Days after the date notice of the Exchange Offer is mailed (or, with respect to Initial Notes held in book entry form through the Depository Trust Company, distributed to the Holders in accordance with the applicable procedures of the Depository Trust Company) to the Holders. The Company shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Exchange Notes shall be included in the Exchange Offer Registration Statement. The Company shall use its commercially reasonable efforts to cause the Exchange Offer to be Consummated as promptly as reasonably practicable after the Exchange Offer Registration Statement has become effective, but in no event later than 45 days after the effective date of the Exchange Offer Registration Statement (or if such 45th day is not a Business Day, the next succeeding Business Day).

(c) The Company shall indicate in a "Plan of Distribution" section contained in the Prospectus forming a part of the Exchange Offer Registration Statement that any Broker-Dealer who holds Initial Notes that are Transfer Restricted Notes and that were acquired for its own account as a result of market-making activities or other trading activities (other than Transfer Restricted Notes acquired directly from the Company), may exchange such Initial Notes pursuant to the Exchange Offer; however, such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Securities Act and must, therefore, deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the Exchange Notes received by such Broker-Dealer in the Exchange Offer, which prospectus delivery requirement may be satisfied by the delivery by such Broker-Dealer of the Prospectus contained in the Exchange

Offer Registration Statement. Such "Plan of Distribution" section shall also contain all other information with respect to such resales by Broker-Dealers that the Commission may require in order to permit such resales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Initial Notes held by any such Broker-Dealer except to the extent required by the Commission.

(d) The Company shall use its commercially reasonable efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented and amended as required by the provisions of Section 6(c) hereof to the extent necessary to ensure that it is available for resales of Initial Notes acquired by Broker-Dealers for their own accounts as a result of market-making activities or other trading activities, and to ensure that it conforms with the requirements of this Agreement, the Securities Act and the policies, rules and regulations of the Commission as announced from time to time, for a period ending on the earlier of (i) 180 days from the date on which the Exchange Offer Registration Statement is declared effective and (ii) the date on which a Broker-Dealer is no longer required to deliver a prospectus in connection with market-making or other trading activities.

(e) The Company shall provide sufficient copies of the latest version of the Prospectus to Broker-Dealers promptly upon request at any time during such 180-day (or shorter as provided in the foregoing sentence) period in order to facilitate such resales.

4. Shelf Registration

(a) *Shelf Registration.* If (i) the Company is not required to file an Exchange Offer Registration Statement or to consummate the Exchange Offer because the Exchange Offer is not permitted by applicable law or Commission policy (after the procedures set forth in Section 6(a) hereof have been complied with), (ii) for any reason the Exchange Offer is not Consummated within the period specified in Section 3(b) hereof, or (iii) with respect to any Holder of Transfer Restricted Notes who is not a director or officer of the Company, (A) such Holder is prohibited by applicable law or Commission policy from participating in the Exchange Offer, or (B) such Holder may not resell the Exchange Notes acquired by it in the Exchange Offer to the public without delivering a prospectus and that the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder, or (C) such Holder is a Broker-Dealer and holds Initial Notes acquired directly from the Company or one of its affiliates, then, upon such Holder's request, the Company shall:

(x) cause to be filed a shelf registration statement pursuant to Rule 415 under the Securities Act, which may be an amendment to the Exchange Offer Registration Statement (in either event, the "**Shelf Registration Statement**"), no later than the later of (i) the 90th day after the date such filing obligation arises and (ii) the 240th day after the Closing Date (or if such 240th day is not a Business Day, the next succeeding Business Day) (such latest date being the **Shelf Filing Deadline**"), which Shelf Registration Statement shall provide for resales of all

Transfer Restricted Notes the Holders of which shall have provided the information required pursuant to Section (b) hereof; and

(y) use its commercially reasonable efforts to cause such Shelf Registration Statement to be declared effective by the Commission on or before the 90th day after the Shelf Filing Deadline (or if such 90th day is not a Business Day, the next succeeding Business Day).

The Company shall use its commercially reasonable efforts to keep such Shelf Registration Statement continuously effective, supplemented and amended as required by the provisions of Sections 6(b) and (c) hereof to the extent necessary to ensure that it is available for resales of Initial Notes by the Holders of Transfer Restricted Notes entitled to the benefit of this Section 4(a), and to ensure that it conforms with the requirements of this Agreement, the Securities Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of at least one year following the effective date of such Shelf Registration Statement (or shorter period that will terminate when all the Initial Notes covered by such Shelf Registration Statement have been sold pursuant to such Shelf Registration Statement).

(b) *Provision by Holders of Certain Information in Connection with the Shelf Registration Statement.* No Holder of Transfer Restricted Notes may include any of its Transfer Restricted Notes in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Company in writing, within 10 Business Days after receipt of a request therefor, such information as the Company may reasonably request for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. Each Holder as to which any Shelf Registration Statement is being effected agrees to furnish promptly to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading.

5. *Additional Interest.* If (i) any of the Registration Statements required by this Agreement is not filed with the Commission on or prior to the last date specified for such filing in this Agreement, (ii) any of such Registration Statements has not been declared effective by the Commission on or prior to the last date specified for such effectiveness in this Agreement (the "Effectiveness Target Date"), (iii) the Exchange Offer has not been Consummated within 30 Business Days after the Effectiveness Target Date with respect to the Exchange Offer Registration Statement or (iv) any Registration Statement required by this Agreement is filed and declared effective but shall thereafter cease to be effective or fail to be usable for its intended purpose (except as specifically permitted herein, including with respect to any Suspension Period as provided in Section 6(a) hereof) without being succeeded immediately by a post-effective amendment to such Registration Statement that cures such failure and that is itself immediately declared effective (each such event referred to in clauses (i) through (iv), a "Registration Default"), the Company hereby agrees that the interest rate borne by the Transfer Restricted Notes shall be increased by 0.25% per annum during the 90-day period immediately following the occurrence of any Registration Default and shall increase by 0.25% per annum at the end of each subsequent 90-day period, but in no event shall such increase exceed 0.50% per annum.

Following the earlier of (x) the cure of all Registration Defaults relating to any particular Transfer Restricted Notes and (y) the day on which there are no outstanding Transfer Restricted Notes, the interest rate borne by the relevant Transfer Restricted Notes will be reduced to the original interest rate borne by such Transfer Restricted Notes; *provided, however,* that, if after any such reduction in interest rate, a different Registration Default occurs, the interest rate borne by the relevant Transfer Restricted Notes shall again be increased pursuant to the foregoing provisions.

All obligations of the Company set forth in the preceding paragraph that are outstanding with respect to any Transfer Restricted Note at the time such note ceases to be a Transfer Restricted Note shall survive until such time as all such obligations with respect to such note shall have been satisfied in full.

Notwithstanding the foregoing, (i) the amount of additional interest payable shall not increase because more than one Registration Default has occurred and is pending and (ii) a Holder of Transfer Restricted Notes that has not timely delivered all information to the Company pursuant to Section 4(b) hereof shall not be entitled to additional interest with respect to a Registration Default that pertains to such Shelf Registration Statement following the time such Holder elects not to include information or following the deadline to timely deliver information to the Company pursuant to Section 4(b) hereof.

6. Registration Procedures.

(a) *Exchange Offer Registration Statement.* In connection with the Exchange Offer, the Company shall comply with all of the provisions of Section 6(c) hereof, shall use its commercially reasonable efforts to effect such exchange to permit the sale of Transfer Restricted Notes being sold in accordance with the intended method or methods of distribution thereof, and shall comply with the following provision:

(i) As a condition to its participation in the Exchange Offer pursuant to the terms of this Agreement, each Holder of Transfer Restricted Notes shall furnish, upon the request of the Company, prior to the Consummation thereof, a written representation to the Company (which may be contained in the letter of transmittal or agent's message contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an affiliate of the Company, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any Person to participate in, a distribution of the Exchange Notes to be issued in the Exchange Offer and (C) it is acquiring the Exchange Notes in its ordinary course of business. In addition, all such Holders of Transfer Restricted Notes shall otherwise cooperate in the Company's preparations for the Exchange Offer. Each Holder hereby acknowledges and agrees that any Broker-Dealer and any such Holder using the Exchange Offer to participate in a distribution of the notes to be acquired in the Exchange Offer (1) could not under Commission policy as in effect on the date of this Agreement rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings

Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters (which may include any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction and that such a secondary resale transaction should be covered by an effective registration statement containing the selling note holder information required by Item 507 or 508, as applicable, of Regulation S-K if the resales are of Exchange Notes obtained by such Holder in exchange for Initial Notes acquired by such Holder directly from the Company.

(b) *Shelf Registration Statement.* In connection with any requirement to file a Shelf Registration Statement, the Company shall comply with all the provisions of Section 6(c) hereof and shall use its commercially reasonable efforts to effect such registration to permit the sale of the Transfer Restricted Notes being sold in accordance with the intended method or methods of distribution thereof, and pursuant thereto the Company will use commercially reasonable efforts to prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Securities Act, which form shall be available for the offer and sale of the Transfer Restricted Notes in accordance with the intended method or methods of distribution thereof.

(c) *General Provisions.* In connection with any Registration Statement and any Prospectus required by this Agreement to permit the sale or resale of Transfer Restricted Notes (including, without limitation, any Registration Statement and the related Prospectus required to permit resales of Initial Notes by Broker-Dealers), the Company shall:

(i) use its commercially reasonable efforts to keep such Registration Statement continuously effective and provide all requisite financial statements as required by the Securities Act or any regulation thereunder for the period specified in Section 3 or 4 hereof, as applicable; upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not to be effective and usable for resale of Transfer Restricted Notes during the period required by this Agreement, the Company shall file promptly an appropriate amendment to such Registration Statement (or, if permitted, file with the Commission a document incorporated by reference into the Registration Statement), in the case of clause (A), correcting any such misstatement or omission, and, in the case of either clause (A) or (B), use its commercially reasonable efforts to cause such amendment to be declared effective and such Registration Statement and the related Prospectus to become usable for their intended purpose(s) as soon as practicable thereafter;

(ii) prepare and file with the Commission such amendments and post-effective amendments to the applicable Registration Statement as may reasonably be necessary to keep the Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, as applicable, or such shorter period as will terminate when all Transfer Restricted Notes covered by such Registration Statement have been sold; cause the Prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under

the Securities Act, and to comply with the applicable provisions of Rules 424 and 430A under the Securities Act in a timely manner; and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) advise the underwriter(s), if any, and selling Holders reasonably promptly and, if requested by such Persons, to confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Securities Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Notes for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto, or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Notes under state securities or blue sky laws, the Company shall use its commercially reasonable efforts to obtain the withdrawal or lifting of such order as soon as practicable thereafter;

(iv) furnish without charge to each selling Holder named in any Registration Statement and each of the underwriter(s), if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein or any amendments or supplements to any such Registration Statement or Prospectus, which documents will be subject to the review and comment of such Holders and underwriter(s), if any, in connection with such sale, if any, for a period of at least three Business Days, and the Company shall use its commercially reasonable efforts to reflect in any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) any reasonable comments that such Holders and underwriters, if any, propose;

(v) promptly prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus, provide copies of such document to each selling Holder named in any such Registration Statement, and to the underwriter(s), if any, make the Company's representatives available for discussion of such document prior to the filing thereof as such selling Holders or underwriter(s), if any, reasonably may request;

(vi) make available, subject to customary confidentiality agreements, at reasonable times for inspection by the managing underwriter(s), if any, participating in any disposition pursuant to such Registration Statement and any attorney or accountant retained by any of the underwriter(s) in connection therewith, all financial and other records, pertinent corporate documents and properties of the Company and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Holder, underwriter, attorney or accountant in connection with such Registration Statement or any post-effective amendment thereto subsequent to the filing thereof and prior to its effectiveness and to participate in meetings with investors to the extent reasonably requested by the managing underwriter(s), if any;

(vii) if requested by any selling Holders or the underwriter(s), if any, promptly incorporate in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders and underwriter(s), if any, may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of the Transfer Restricted Notes, information with respect to the principal amount of Transfer Restricted Notes being sold to such underwriter(s), the purchase price being paid therefor and any other terms of the offering of the Transfer Restricted Notes to be sold in such offering; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Company is notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(viii) use commercially reasonable efforts to cause the Transfer Restricted Notes covered by the Registration Statement to be rated by the same rating agency or agencies that rated the Initial Notes at issuance, if so requested by the Holders of a majority in aggregate principal amount of Notes covered thereby or the underwriter(s), if any;

(ix) furnish or otherwise make available to each selling Holder and each of the underwriter(s), if any, without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including financial statements and schedules, all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);

(x) deliver to each selling Holder and each of the underwriter(s), if any, without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Company hereby consents to the use of the Prospectus and any amendment or supplement thereto by each of the selling Holders and each of the underwriter(s), if any, in connection with the offering and the sale of the Transfer Restricted Notes covered by the Prospectus or any amendment or supplement thereto;

(xi) enter into such agreements (including an underwriting agreement), and make such representations and warranties, and take all such other reasonable actions in

connection therewith in order to expedite or facilitate the disposition of the Transfer Restricted Notes pursuant to any Registration Statement contemplated by this Agreement, all to such extent as may be reasonably requested by the Holders of at least 20% aggregate principal amount of the Transfer Restricted Notes or any underwriter in connection with any sale or resale pursuant to any Registration Statement contemplated by this Agreement; and, whether or not an underwriting agreement is entered into and whether or not the registration is an Underwritten Registration, the Company shall set forth in full or incorporate by reference in the underwriting agreement, if any, the indemnification provisions and procedures of Section 8 hereof with respect to all parties to be indemnified pursuant to said Section and deliver such other documents and certificates as may be reasonably requested by such parties to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company pursuant to this Section 6(c)(xi), if any;

(xii) prior to any public offering of Transfer Restricted Notes, cooperate with the selling Holders, the underwriter(s), if any, and their respective counsel in connection with the registration and qualification of the Transfer Restricted Notes under the state securities or blue sky laws of such jurisdictions as the selling Holders or underwriter(s), if any, may request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Notes covered by the Shelf Registration Statement; *provided, however,* that the Company shall not be required to register or qualify as a foreign corporation where it is not then so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not then so subject;

(xiii) shall issue, upon the request of any Holder of Initial Notes covered by the Shelf Registration Statement, Exchange Notes having an aggregate principal amount equal to the aggregate principal amount of Initial Notes surrendered to the Company by such Holder in exchange therefor or being sold by such Holder; such Exchange Notes to be registered in the name of such Holder or in the name of the purchaser(s) of such Exchange Notes, as the case may be; in return, the Initial Notes held by such Holder shall be surrendered to the Company for cancellation;

(xiv) cooperate with the selling Holders and the underwriter(s), if any, to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Notes to be sold and not bearing any restrictive legends; and enable such Transfer Restricted Notes to be in such denominations and registered in such names as the Holders or the underwriter(s), if any, may request at least two Business Days prior to any sale of Transfer Restricted Notes made by such Holders or underwriter(s);

(xv) use its commercially reasonable efforts to cause the Transfer Restricted Notes covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or

the underwriter(s), if any, to consummate the disposition of such Transfer Restricted Notes, subject to the proviso contained in Section 6(c)(xii) hereof;

(xvi) if any fact or event contemplated by Section 6(c)(iii)(D) hereof shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Notes, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein not misleading;

(xvii) use its commercially reasonable efforts to provide a CUSIP number for all Notes not later than the effective date of the Registration Statement covering such Notes, provide the Trustee under the Indenture with printed certificates for such Notes which are in a form eligible for deposit with the Depository Trust Company and take all other action necessary to ensure that all such Notes are eligible for deposit with the Depository Trust Company;

(xviii) cooperate and assist in any filings required to be made with FINRA and in the performance of any due diligence investigation by any underwriter that is required to be retained in accordance with the rules and regulations of FINRA;

(xix) otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make generally available to its note holders, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) for the twelve-month period (A) commencing at the end of any fiscal quarter in which Transfer Restricted Notes are sold to underwriters in a firm commitment or best efforts Underwritten Offering or (B) if not sold to underwriters in such an offering, beginning with the first month of the Company's first fiscal quarter commencing after the effective date of the Registration Statement; and

(xx) cause the Indenture to be qualified under the Trust Indenture Act not later than the effective date of the first Registration Statement required by this Agreement, and, in connection therewith, cooperate with the Trustee and the Holders of Notes to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the Trust Indenture Act; and to execute and use its commercially reasonable best efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner;

(xxi) provide promptly to each Holder upon request each document filed with the Commission pursuant to the requirements of Section 13 and Section 15 of the Exchange Act.

Each Holder agrees by acquisition of a Transfer Restricted Note that the Company may suspend the use or effectiveness of the applicable Registration Statement, or extend the time period in which it is required to file the applicable Registration Statement, for up to 60

consecutive days and up to 120 days in the aggregate, in each case in any 12-month period (a**Suspension Period**"), if the Company determines that any fact of the kind described in Section 6(c)(iii)(D) hereof exists, and that upon receipt of any notice to such effect from the Company such Holder will forthwith discontinue disposition of Transfer Restricted Notes pursuant to the applicable Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xvi) hereof, or until it is advised in writing by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus. If so directed by the Company, each Holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Transfer Restricted Notes that was current at the time of receipt of such notice. In the event the Company shall give any such notice, the time period regarding the effectiveness of such Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by the number of days during the Suspension Period; *provided, however,* that no such suspension or extension shall be taken into account in determining whether additional interest is due pursuant to Section 5 hereof or the amount of such additional interest, it being agreed that the Company's option to suspend use of a Registration Statement pursuant to this paragraph shall be treated as a Registration Default for purposes of Section 5 hereof.

(d) Following the Consummation of the Exchange Offer or the effectiveness of an applicable Shelf Registration Statement and for so long as the Notes are outstanding, if, in the judgment of the Purchasers or any of their affiliates (as such term is defined in the Securities Act) are required to deliver a prospectus in connection with sales of, or market-making activities with respect to, the Notes, the Company agrees to periodically amend the applicable Registration Statement so that the information contained therein complies with the requirements of Section 10 of the Securities Act, to amend the applicable Registration Statement or supplement the related prospectus or the documents incorporated therein when necessary to reflect any material changes in the information provided therein so that the Registration Statement and the prospectus will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing as of the date the prospectus is so delivered, not misleading and to provide the Purchasers with copies of each amendment or supplement filed and such other documents as the Purchasers may reasonably request. The Company hereby expressly acknowledges that the indemnification and contribution provisions of Section 8 hereof are specifically applicable and relate to each offering memorandum, Registration Statement, prospectus, amendment or supplement referred to in this Section 6(d).

7. Registration Expenses.

(a) All reasonable and documented expenses incident to the Company's performance of or compliance with this Agreement will be borne by the Company, regardless of whether a Registration Statement becomes effective, including, without limitation: (i) all registration and filing fees and expenses (including filings made by any Purchaser or Holder with FINRA (and, if

applicable, the fees and expenses of any "qualified independent underwriter" and one counsel that may be required by the rules and regulations of FINRA); (ii) all fees and expenses of compliance with federal securities and state securities or blue sky laws; (iii) all expenses of printing (including printing certificates for the Exchange Notes to be issued in the Exchange Offer and printing of Prospectuses), messenger and delivery services and telephone; (iv) all fees and disbursements of counsel for the Company and, as provided in Section 7(b) hereof, the Holders of Transfer Restricted Notes; (v) all application and filing fees in connection with listing the Exchange Notes on a securities exchange or automated quotation system pursuant to the requirements thereof; and (vi) all fees and disbursements of independent certified public accountants of the Company (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Company will, in any event, bear its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Company.

(b) In connection with any Registration Statement required by this Agreement (including, without limitation, the Exchange Offer Registration Statement and the Shelf Registration Statement), the Company will reimburse the Purchasers and the Holders of Transfer Restricted Notes being tendered in the Exchange Offer and/or resold pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement or registered pursuant to the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements not to exceed \$10,000 of not more than one counsel as may be chosen by the Holders of a majority in principal amount of the Transfer Restricted Notes for whose benefit such Registration Statement is being prepared.

8. Indemnification.

(a) The Company agrees to indemnify and hold harmless (i) each Holder and (ii) each Person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) any Holder (any of the Persons referred to in this clause (ii) being hereinafter referred to as a "controlling person") and (iii) the respective officers, directors, partners, employees, representatives and agents of any Holder or any controlling person (any Person referred to in clause (i), (ii) or (iii) may hereinafter be referred to as an "Indemnified Holder"), to the fullest extent lawful, from and against any and all losses, claims, damages, liabilities, judgments, actions and expenses (including, without limitation, and as incurred, reimbursement of all reasonable costs of investigating, preparing, pursuing, settling, compromising, paying or defending any claim or action, or any investigation or proceeding by any governmental agency or body, commenced or threatened, including the reasonable fees and expenses of counsel to any Indemnified Holder), joint or several, directly or indirectly caused by, related to, based upon, arising out of or in connection with any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or Prospectus (or any

amendment or supplement thereto), or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made in the case of the Prospectus, not misleading, except insofar as such losses, claims, damages, liabilities or expenses are caused by an untrue statement or omission or alleged untrue statement or omission that is made in reliance upon and in conformity with information relating to any of the Holders furnished in writing to the Company by any of the Holders expressly for use therein. This indemnity agreement shall be in addition to any liability which the Company may otherwise have.

In case any action or proceeding (including any governmental or regulatory investigation or proceeding) shall be brought or asserted against any of the Indemnified Holders with respect to which indemnity may be sought against the Company, such Indemnified Holder (or the Indemnified Holder controlled by such controlling person) shall promptly notify the Company in writing; *provided, however,* that the failure to give such notice shall not relieve the Company of its obligations pursuant to this Agreement except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure. Notwithstanding the foregoing sentence, in case any such action or proceeding shall be brought against any Indemnified Holder and it shall notify the Company of the commencement thereof, the Company shall be entitled to participate therein and, to the extent that the Company shall elect, jointly with any other indemnifying party similarly notified, by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such Indemnified Holder, to assume the defense thereof with counsel reasonably satisfactory to such Indemnified Holder (who shall not, except with the consent of the Indemnified Holder, be counsel to the Company); *provided, however,* if the defendants in any such action include both the Indemnified Holder and the indemnifying party and an Indemnified Holder shall have reasonably concluded that a conflict may arise between the positions of the indemnifying party and the Indemnified Holder in conducting the defense of any such action or that there may be legal defenses available to it and/or other Indemnified Holders which are different from or additional to those available to the indemnifying party, the Indemnified Holder or Holders shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such Indemnified Holder or Holders. After notice from the Company to such Indemnified Holder of its election so to assume the defense thereof, the Company shall not be liable under this Section 8 to such Indemnified Holder for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such Indemnified Holder, in connection with the defense thereof other than reasonable costs of investigation unless (i) the Indemnified Holder shall have employed separate counsel in accordance with the proviso to the immediately preceding sentence representing the Indemnified Holders who are parties to such action or (ii) the indemnifying party shall not have employed counsel satisfactory to the Indemnified Holder to represent the Indemnified Holder within a reasonable time after notice of commencement of the action, in each of which cases the fees and expenses of counsel shall be at the expense of the indemnifying party. The Company shall not be liable for any settlement effected without its prior written consent, which will not be unreasonably withheld. The Company shall not, without the prior written consent of each Indemnified Holder, settle or

compromise or consent to the entry of judgment in or otherwise seek to terminate any pending or threatened action, claim, litigation or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not any Indemnified Holder is a party thereto), unless such settlement, compromise, consent or termination (i) includes an unconditional release of each Indemnified Holder from all liability arising out of such action, claim, litigation or proceeding and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of the Indemnified Holder.

(b) Each Holder of Transfer Restricted Notes agrees, severally and not jointly, to indemnify and hold harmless the Company and its directors and officers who sign a Registration Statement, and any Person controlling (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) the Company and the respective officers, directors, partners, employees, representatives and agents of each such Person, to the same extent as the foregoing indemnity from the Company to each of the Indemnified Holders, but only with respect to claims and actions based on information relating to such Holder furnished in writing by such Holder expressly for use in any Registration Statement. In case any action or proceeding shall be brought against the Company, or their respective directors or officers or any such controlling person in respect of which indemnity may be sought against a Holder of Transfer Restricted Notes, such Holder shall have the rights and duties given the Company, its directors and officers and such controlling person shall have the rights and duties given to each Holder by the preceding paragraph.

(c) If the indemnification provided for in this Section 8 is unavailable to an indemnified party under Section 8(a) or (b) hereof (other than by reason of exceptions provided in those Sections) in respect of any losses, claims, damages, liabilities, judgments, actions or expenses referred to therein, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Holders, on the other hand, from the Initial Placement (which in the case of the Company shall be deemed to be equal to the gross proceeds to the Company from the Initial Placement (before deducting expenses)), or if such allocation is not permitted by applicable law, the relative fault of the Company, on the one hand, and the Holders, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the Indemnified Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or the Indemnified Holders, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in the second paragraph of Section 8(a) hereof, any legal or other fees or expenses

reasonably incurred by such party in connection with investigating or defending any action or claim.

The Company and each Holder of Transfer Restricted Notes agree that it would not be just and equitable if contribution pursuant to this Section 8(c) were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or expenses referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, none of the Holders (and its related Indemnified Holders) shall be required to contribute, in the aggregate, any amount in excess of the amount by which the dollar amount of the proceeds received by such Holder with respect to any Transfer Restricted Notes exceeds the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(c) are several in proportion to the respective principal amount of Initial Notes held by each of the Holders hereunder and not joint.

9. Rule 144A The Company hereby agrees with each Holder, if any time during the period of one year from the date of this Agreement the Company is not subject to the information requirements of the Exchange Act, for so long as any Transfer Restricted Notes remain outstanding, to make available to any Holder or beneficial owner of Transfer Restricted Notes in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Notes from such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Securities Act in order to permit resales of such Transfer Restricted Notes pursuant to Rule 144A under the Securities Act.

10. Participation in Underwritten Registrations No Holder may participate in any Underwritten Registration hereunder unless such Holder (a) agrees to sell such Holder's Transfer Restricted Notes on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such underwriting arrangements.

11. Selection of Underwriters The Holders of Transfer Restricted Notes covered by the Shelf Registration Statement who desire to do so may sell such Transfer Restricted Notes in an Underwritten Offering. In any such Underwritten Offering, the investment banker(s) and managing underwriter(s) that will administer such offering will be selected by the Holders of a

majority in aggregate principal amount of the Transfer Restricted Notes included in such offering *provided, however,* that such investment banker(s) and managing underwriter(s) must be reasonably satisfactory to the Company.

12. Miscellaneous.

(a) *Remedies.* The Company hereby agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agree to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) *No Inconsistent Agreements.* The Company will not on or after the date of this Agreement enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's securities under any agreement in effect on the date hereof.

(c) *Adjustments Affecting the Notes.* The Company will not take any action, or permit any change to occur, with respect to the Notes that would materially and adversely affect the ability of the Holders to consummate any Exchange Offer.

(d) *Amendments and Waivers.* The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless the Company has (i) in the case of Section 5 hereof and this Section 12(d)(i), obtained the written consent of Holders of all outstanding Transfer Restricted Notes and (ii) in the case of all other provisions hereof, obtained the written consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Notes (excluding any Transfer Restricted Notes held by the Company or its respective Affiliates). Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof that relates exclusively to the rights of Holders whose notes are being tendered pursuant to the Exchange Offer and that does not affect directly or indirectly the rights of other Holders whose notes are not being tendered pursuant to such Exchange Offer may be given by the Holders of a majority of the outstanding principal amount of Transfer Restricted Notes being tendered or registered; *provided, however,* that, with respect to any matter that directly or indirectly affects the rights of any Purchaser hereunder, the Company shall obtain the written consent of each such Purchaser with respect to which such amendment, qualification, supplement, waiver, consent or departure is to be effective.

(e) *Notices.* All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), facsimile, or air courier guaranteeing overnight delivery:

- (i) if to a Holder, at the address set forth on the records of the Note Registrar under the Indenture, with a copy to the Registrar under the Indenture; and
- (ii) if to the Company:

Eagle Bancorp, Inc.
 7830 Old Georgetown Road, Third Floor
 Bethesda, Maryland 20814
 Facsimile No: (301) 841-0359
 Attention: Chief Financial Officer

With a copy, which shall not constitute notice, to each of:

Eagle Bancorp, Inc.
 7830 Old Georgetown Road, Third Floor
 Bethesda, Maryland 20814
 Attention: General Counsel
 and

Sullivan & Cromwell LLP
 1700 New York Avenue NW, Suite 700
 Washington, DC 20006
 Facsimile No.: (202) 956-7676
 Attention: Benjamin H. Weiner

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if facsimiled; and on the next Business Day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

(f) *Successors and Assigns.* This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including, without limitation, and without the need for an express assignment, subsequent Holders of Transfer Restricted Notes; *provided, however,* that this Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and to the extent such successor or assign acquired Transfer Restricted Notes from such Holder.

(g) *Counterparts.* This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or other electronic transmission (i.e., a "pdf" or "tif") shall be effective as delivery of a manually executed counterpart thereof. This Agreement may be executed by any electronic signature complying with the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), as amended from time to time, or other applicable law.

(h) *Headings.* The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) *Governing Law.* THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICTS OF LAW RULES THEREOF (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

(j) *Submission to Jurisdiction.* Each party hereto hereby submits to the non-exclusive jurisdiction of the U.S. federal and New York state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. Each party hereto waives any objection which it may now or hereafter have to the laying of venue of any such suit or proceeding in such courts. Each party hereto agrees that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon it and may be enforced in any court to the jurisdiction of which it is subject by a suit upon such judgment.

(k) *Severability.* In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(l) *Entire Agreement.* This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the Transfer Restricted Notes. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Company has caused this Registration Rights Agreement to be executed by its duly authorized representative as of the date first above written.

COMPANY:
EAGLE BANCORP, INC.

By: _____
Name: Susan G. Riel
Title: Chief Executive Officer

By: _____
Name: Eric R. Newell
Title: Chief Financial Officer

[Signature Page to Registration Rights Agreement]

4895-9614-3067 v.5

IN WITNESS WHEREOF, the Purchaser has caused this Registration Rights Agreement to be executed by its duly authorized representative as of the date first above written.

PURCHASER:

By: _____
Name:
Title:

[Signature Page to Registration Rights Agreement]

4895-9614-3067 v.5

SENIOR NOTE PURCHASE AGREEMENT

This SENIOR NOTE PURCHASE AGREEMENT (this "Agreement") is dated as of September 30, 2024, and is made by and among Eagle Bancorp, Inc., a Maryland corporation and registered bank holding company (the "Company"), and the several purchasers of the Senior Notes (as defined herein) identified on the signature pages hereto (each a "Purchaser" and collectively, the "Purchasers").

RECITALS

WHEREAS, the Company is offering up to \$77,665,000 in aggregate principal amount of Senior Notes of the Company.

WHEREAS, the Company has engaged Piper Sandler & Co. and Keefe, Bruyette & Woods, Inc. as its exclusive placement agents (the Placement Agents) for the offering of the Senior Notes to institutional "accredited investors" (as such term is referenced in Section 6.5 below), including QIBs (as defined below) and, for clarity, not to individual "accredited investors" (as such term is referenced in Section 6.6 below).

WHEREAS, each of the Purchasers is an "accredited investor" as such term is defined in Rule 501 of Regulation D (Regulation D) promulgated under the Securities Act of 1933, as amended (the "Securities Act").

WHEREAS, the offer and sale of the Senior Notes by the Company is being made in reliance upon the exemptions from registration available under Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D.

WHEREAS, each Purchaser is willing to purchase from the Company a Senior Note in the principal amount set forth on such Purchaser's respective signature page hereto (each, a "Senior Note Amount") in accordance with the terms, subject to the conditions and in reliance on, the recitals, representations, warranties, covenants and agreements set forth herein and in the Senior Notes and in the Indenture (as defined herein).

WHEREAS, at Closing (as defined herein), the Company and the Purchasers shall execute and deliver a Registration Rights Agreement, substantially in the form attached hereto as Exhibit A (the "Registration Rights Agreement"), pursuant to which, among other things, the Company will agree to provide certain registration rights with respect to the Senior Notes under the Securities Act and the rules and regulations promulgated thereunder and applicable state securities laws.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements herein contained and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

1. DEFINITIONS.

1.1 Defined Terms. The following capitalized terms used in this Agreement have the meanings defined or referenced below. Certain other capitalized terms used only in specific sections of this Agreement may be defined in such sections.

"**Affiliate(s)**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person. For purposes of this definition, "control," when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Agreement**" has the meaning set forth in the preamble hereto.

"**Applicable Procedures**" means, with respect to any transfer or exchange of or for beneficial interests in any Senior Note represented by a global certificate, the rules and procedures of DTC (as defined herein) that apply to such transfer or exchange.

"**Articles of Incorporation**" means the articles of incorporation of the Company, as in effect on the Closing Date.

"**Bank**" means EagleBank, a Maryland state bank that is a member of the Federal Reserve System and a wholly owned Subsidiary of the Company.

"**Business Day**" means any day other than a Saturday, Sunday or United States federal holiday or a day on which the SEC is closed or banking institutions in the State of Maryland are permitted or required by any applicable law or executive order to close.

"**Bylaws**" means the bylaws of the Company, as in effect on the Closing Date.

"**Closing**" has the meaning set forth in [Section 2.5](#).

"**Closing Date**" means September 30, 2024.

"**Company**" has the meaning set forth in the preamble hereto and shall include any successors to the Company.

"**Company Covered Person**" has the meaning set forth in [Section 4.2.4](#).

"**Company's Reports**" means (i) the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC, including the audited financial statements contained therein; (ii) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, as filed with the SEC, including the unaudited financial statements contained therein; and (iii) the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, as filed with the SEC, including the unaudited financial statements contained therein.

"Designated NRSRO" means a "nationally recognized statistical rating organization" within the meaning of Section 3(a)(62) of the Exchange Act, that is designated as a "Credit Rating Provider" (or other similar designation) by the National Association of Insurance Commissioners.

"Disbursement" has the meaning set forth in [Section 3.1](#).

"Disqualification Event" has the meaning set forth in [Section 4.2.4](#).

"DTC" means The Depository Trust Company.

"Equity Interest" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person which is not a corporation, and any and all warrants, options or other rights to purchase any of the foregoing.

"Event of Default" has the meaning set forth in the Senior Notes.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"FDIC" means the Federal Deposit Insurance Corporation.

"FRB" means the Board of Governors of the Federal Reserve System.

"GAAP" means generally accepted accounting principles in effect from time to time in the United States of America.

"Global Note" has the meaning set forth in [Section 3.1](#).

"Governmental Agency(ies)" means, individually or collectively, any federal, state, county or local governmental department, commission, board, regulatory authority or agency (including each applicable Regulatory Agency) with jurisdiction over the Company or a Subsidiary of the Company.

"Governmental Licenses" has the meaning set forth in [Section 4.3](#).

"Hazardous Materials" means flammable explosives, asbestos, urea formaldehyde insulation, polychlorinated biphenyls, radioactive materials, hazardous wastes, toxic or contaminated substances or similar materials, including any substances which are "hazardous substances," "hazardous wastes," "hazardous materials" or "toxic substances" under the Hazardous Materials Laws and/or other applicable environmental laws, ordinances or regulations.

"Hazardous Materials Laws" mean any laws, regulations, permits, licenses or requirements pertaining to the protection, preservation, conservation or regulation of the environment which relates to real property, including: the Clean Air Act, as amended, 42 U.S.C. Section 7401 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C.

Section 1251 et seq.; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Section 6901 et seq.; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (including the Superfund Amendments and Reauthorization Act of 1986), 42 U.S.C. Section 9601 et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601 et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. Section 651 to the extent related to Hazardous Material exposure, the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq.; the Mine Safety and Health Act of 1977, as amended, 30 U.S.C. Section 801 et seq.; the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq.; and all comparable state and local laws, laws of other jurisdictions or orders and regulations.

"Indebtedness" means: (i) all items arising from the borrowing of money that, according to GAAP as in effect from time to time, would be included in determining total liabilities as shown on the consolidated balance sheet of the Company; and (ii) all obligations secured by any lien in property owned by the Company or any Subsidiary whether or not such obligations shall have been assumed; *provided, however*, Indebtedness shall not include deposits or other indebtedness created, incurred or maintained in the ordinary course of the Company's or the Bank's business (including federal funds purchased, advances from any Federal Home Loan Bank, borrowings from a Federal Reserve Bank, secured deposits of municipalities, letters of credit issued by the Company or the Bank and repurchase arrangements) and consistent with customary banking practices and applicable laws and regulations.

"Indenture" means the indenture, dated as of the date hereof, by and between the Company and Wilmington Trust, National Association, as trustee, substantially in the form attached hereto as Exhibit B, as the same may be amended or supplemented from time to time in accordance with the terms thereof.

"Leases" means all leases, licenses or other documents providing for the use or occupancy of any portion of any Property, including all amendments, extensions, renewals, supplements, modifications, sublets and assignments thereof and all separate letters or separate agreements relating thereto.

"Material Adverse Effect" means, with respect to any Person, any change or effect that (i) is or would be reasonably likely to be material and adverse to the financial condition, results of operations or business of such Person, or (ii) would materially impair the ability of such Person to perform its respective obligations under any of the Transaction Documents, or otherwise materially impede the consummation of the transactions contemplated hereby; *provided, however*, that "Material Adverse Effect" shall not be deemed to include the impact of (1) changes in banking and similar laws, rules or regulations of general applicability or interpretations thereof by Governmental Agencies that do not disproportionately affect the operations or business of the Company in comparison to other banking institutions with similar operations, (2) changes in GAAP or regulatory accounting requirements applicable to financial institutions and their holding companies generally, (3) changes in general economic or capital markets conditions, including changes in interest rates and inflation, affecting financial institutions or their market prices generally and not specifically related to the Company, the Bank

or the Purchasers, (4) natural disasters or other force majeure events or any epidemics, pandemics or disease outbreaks (including COVID-19) that do not disproportionately affect the operations or business of the Company in comparison to other banking institutions with similar operations, (5) changes in national or international political or social conditions, including, without limitation, the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or by the occurrence of any military or terrorist attack upon or within the United States; (6) direct effects of compliance with this Agreement on the operating performance of the Company, the Bank or the Purchasers, including expenses incurred by the Company, the Bank or the Purchasers in consummating the transactions contemplated by this Agreement, and (7) the effects of any action or omission taken by the Company with the prior written consent of the Purchasers, and vice versa, or as otherwise contemplated by this Agreement, the Indenture and the Senior Notes.

"Maturity Date" means September 30, 2029.

"Person" means an individual, a corporation (whether or not for profit), a partnership, a limited liability company, a joint venture, an association, a trust, an unincorporated organization, a government or any department or agency thereof (including a Governmental Agency) or any other entity or organization.

"Placement Agents" has the meaning set forth in the Recitals.

"Property" means any real property owned or leased by the Company or any Affiliate or Subsidiary of the Company.

"Purchaser" or **"Purchasers"** has the meaning set forth in the preamble hereto.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A of the Securities Act.

"Registration Rights Agreement" has the meaning set forth in the Recitals.

"Regulation D" has the meaning set forth in the Recitals.

"Regulatory Agency" means any federal or state agency charged with the supervision or regulation of depository institutions or holding companies of depository institutions, or engaged in the insurance of depository institution deposits, or any court, administrative agency or commission or other authority, body or agency having supervisory or regulatory authority with respect to the Company, the Bank or any of their Subsidiaries.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" has the meaning set forth in the Recitals.

"Senior Note" means the Senior Note (or collectively, the **"Senior Notes"**) in the form attached as an exhibit to the Indenture, as amended, restated, supplemented or modified from time to time, and each Senior Note delivered in substitution or exchange for such Senior Note.

"Senior Note Amount" has the meaning set forth in the Recitals.

"Subsidiary" means, with respect to any Person, any corporation or entity (other than a trust) in which a majority of the outstanding equity interest is directly or indirectly owned by such Person.

"Transaction Documents" has the meaning set forth in [Section 3.2.1.1](#).

"Trustee" means the trustee or successor in accordance with the applicable provisions of the Indenture.

1.2 Interpretations. The foregoing definitions are equally applicable to both the singular and plural forms of the terms defined. The words "hereof", "herein" and "hereunder" and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word "including" when used in this Agreement without the phrase "without limitation," shall mean "including, without limitation." All references to time of day herein are references to Eastern Time unless otherwise specifically provided. All references to this Agreement, the Senior Notes and the Indenture shall be deemed to be to such documents as amended, modified or restated from time to time. With respect to any reference in this Agreement to any defined term, (i) if such defined term refers to a Person, then it shall also mean all heirs, legal representatives and permitted successors and assigns of such Person, and (ii) if such defined term refers to a document, instrument or agreement, then it shall also include any amendment, replacement, extension or other modification thereof.

1.3 Exhibits Incorporated. All Exhibits attached hereto are hereby incorporated into this Agreement.

2. **SENIOR DEBT.**

2.1 Certain Terms. Subject to the terms and conditions herein contained, the Company proposes to issue and sell to the Purchasers, severally and not jointly, Senior Notes, which will be issued pursuant to the Indenture, in an aggregate principal amount equal to the aggregate of the Senior Note Amounts. The Purchasers, severally and not jointly, each agree to purchase the Senior Notes with an aggregate principal amount equal to the Senior Note Amount set forth on its signature page hereto, which will be issued pursuant to the Indenture, from the Company on the Closing Date in accordance with the terms of, and subject to the conditions and provisions set forth in, this Agreement, the Indenture and the Senior Notes. The Senior Note Amounts shall be disbursed in accordance with [Section 3.1](#).

2.2 Senior Indebtedness. The Senior Notes constitute "senior indebtedness" as such term is defined in any indenture or agreement governing any outstanding subordinated indebtedness of the Company.

2.3 Maturity Date. On the Maturity Date, all sums due and owing under the Senior Notes shall be repaid in full. The Company acknowledges and agrees that the Purchasers have not made any commitments, either express or implied, to extend the terms of the Senior Notes

past their Maturity Date, and shall not extend such terms beyond the Maturity Date unless the Company and the Purchasers hereafter specifically agree otherwise in writing.

2.4 Unsecured Obligations. The obligations of the Company to the Purchasers under the Senior Notes shall be unsecured.

2.5 The Closing. The closing of the sale and purchase of the Senior Notes (the Closing) shall occur at the offices of the Company at 10:00 a.m. (local time) on the Closing Date, or at such other place or time or on such other date as the parties hereto may agree.

2.6 Payments. The Company agrees that the matters concerning payments and application of payments shall be as set forth in this Agreement, the Indenture and the Senior Notes.

2.7 No Right of Offset. Each Purchaser hereby expressly waives any right of offset such Purchaser may have against the Company or any of its Subsidiaries.

2.8 Use of Proceeds. The Company shall use the net proceeds from the sale of Senior Notes for general corporate purposes, which may include the contribution of all or a portion of the net proceeds to the Bank.

3. DISBURSEMENT.

3.1 Disbursement. On the Closing Date, assuming all of the terms and conditions set forth in Section 3.2 have been satisfied by the Company, each Purchaser shall disburse in immediately available funds the Senior Note Amount set forth on each Purchaser's respective signature page hereto to the Company in exchange for either (i) an electronic securities entitlement through the facilities of DTC in accordance with the Applicable Procedures or (ii) a Senior Note with a principal amount equal to such Senior Note Amount (either, the "Disbursement"). Following receipt of the Disbursement of each Purchaser, the Company will either deliver to the (i) Trustee a global certificate representing the Senior Notes (the Global Note) registered in the name of Cede & Co. as nominee for DTC or (ii) respective Purchaser one or more certificates representing the Senior Notes in definitive form (each a "Definitive Note") (or provide evidence of the same with the original to be delivered by the Company by overnight delivery on the next calendar day in accordance with the delivery instructions of the Purchaser) registered in such names and denominations as such Purchasers may request.

3.2 Conditions Precedent to Disbursement

3.2.1 Conditions to the Purchasers' Obligation. The obligation of each Purchaser to consummate the purchase of the Senior Notes to be purchased by them at Closing and to effect the Disbursement is subject to delivery by or at the direction of the Company to such Purchaser (or, with respect to the Indenture and the Global Note, the Trustee) each of the following (or written waiver by such Purchaser prior to the Closing of such delivery):

3.2.1.1 Transaction Documents. This Agreement, the Indenture, the Global Note and the Registration Rights Agreement (collectively, the Transaction Documents"), each duly authorized and executed by the Company, and delivery of written instruction to the Trustee (with respect to the Indenture).

3.2.1.2 Authority Documents.

- (a) A copy, certified by the Secretary or Assistant Secretary of the Company, of the Articles of Incorporation of the Company;
- (b) A certificate of existence of the Company issued by the State Department of Assessments and Taxation of the State of Maryland dated within five (5) business days of the date hereof;
- (c) A copy, certified by the Secretary or Assistant Secretary, of the Bylaws of the Company;
- (d) A copy, certified by the Secretary or Assistant Secretary of the Company, of the resolutions of the board of directors of the Company and any committee thereof authorizing the execution, delivery and performance of the Transaction Documents;
- (e) An incumbency certificate of the Secretary or Assistant Secretary of the Company certifying the names of the officer or officers of the Company authorized to sign the Transaction Documents and the other documents provided for in this Agreement;
- (f) The opinion of Sullivan & Cromwell LLP, counsel to the Company with respect to matters of New York and Federal law, dated as of the Closing Date, substantially in the form set forth at Exhibit C attached hereto addressed to the Purchasers; and
- (g) The opinion of Scott Bernstein, counsel to the Company with respect to matters of Maryland law, dated as of the Closing Date, substantially in the form set forth at Exhibit D attached hereto addressed to the Purchasers.

3.2.1.3 Other Documents. Such other certificates, affidavits, schedules, resolutions, notes and/or other documents which are provided for hereunder or as a Purchaser may reasonably request.

3.2.1.4 Aggregate Investments. Prior to, or contemporaneously with the Closing, each Purchaser shall have actually subscribed for the Senior Note Amount set forth on such Purchaser's signature page.

3.2.2 Conditions to the Company's Obligation. The obligation of the Company to consummate the sale of the Senior Notes and to effect the Closing is subject to:

(i) with respect to a given Purchaser, delivery by or at the direction of such Purchaser to the Company of this Agreement and the Registration Rights Agreement, each duly authorized and executed by such Purchaser and (ii) the Company's receipt of the Indenture, duly authorized and executed by the Trustee.

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company hereby represents and warrants to each Purchaser that, except as disclosed in the Company's Reports:

4.1 Organization and Authority.

4.1.1 Organization Matters of the Company and Its Subsidiaries

4.1.1.1 The Company is a duly organized corporation, is validly existing under the laws of the State of Maryland and has all requisite corporate power and authority to conduct its business and activities as presently conducted, to own its properties, and to perform its obligations under the Transaction Documents. The Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect. The Company is duly registered as a bank holding company under the Bank Holding Company Act of 1956, as amended.

4.1.1.2 Each Subsidiary of the Company other than the Bank either has been duly organized and is validly existing as a corporation or limited liability company, or, in the case of the Bank, has been duly chartered and is validly existing as a Maryland state bank, in each case in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and to conduct its business and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not reasonably be expected to result in a Material Adverse Effect. All of the issued and outstanding shares of capital stock or other equity interests in each Subsidiary of the Company have been duly authorized and validly issued, are fully paid and non-assessable and are owned by the Company, directly or through Subsidiaries of the Company, free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim; none of the outstanding shares of capital stock of, or other equity interests in, any Subsidiary of the Company were issued in violation of the preemptive or similar rights of any security holder of such Subsidiary of the Company or any other entity.

4.1.1.3 The deposit accounts of the Bank are insured by the FDIC up to applicable limits. The Bank has not received any notice or other information indicating that the Bank is not an "insured depository institution" as defined in 12 U.S.C.

Section 1813, nor has any event occurred which could reasonably be expected to adversely affect the status of the Bank as an FDIC-insured institution.

4.1.2 Capital Stock and Related Matters. The Articles of Incorporation of the Company authorizes the Company to issue 100,000,000 shares of common stock and 1,000,000 shares of preferred stock. As of September 25, 2024, there are 30,173,200 shares of the Company's common stock issued and outstanding and no shares of preferred stock issued and outstanding. All of the outstanding capital stock of the Company has been duly authorized and validly issued and is fully paid and non-assessable. There are, as of the date hereof, no outstanding options, rights, warrants or other agreements or instruments obligating the Company to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of the capital stock of the Company or obligating the Company to grant, extend or enter into any such agreement or commitment to any Person other than the Company, except pursuant to the Company's equity incentive plans duly adopted by the Company's Board of Directors.

4.2 No Impediment to Transactions.

4.2.1 Transaction is Legal and Authorized. The issuance of the Senior Notes pursuant to the Indenture, the borrowing of the aggregate of the Senior Note Amounts, the execution of the Transaction Documents and compliance by the Company with all of the provisions of the Transaction Documents are within the corporate and other powers of the Company.

4.2.2 Agreement, Indenture and Registration Rights Agreement. This Agreement, the Indenture and the Registration Rights Agreement have been duly authorized, executed and delivered by the Company, and, assuming due authorization, execution and delivery by the other parties thereto, including the Trustee for purposes of the Indenture, constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally or by general equitable principles.

4.2.3 Senior Notes. The Senior Notes have been duly authorized by the Company and when the Global Note and any Definitive Note representing such Senior Notes are executed by the Company and completed and authenticated by the Trustee in accordance with, and in the form contemplated by, the Indenture and issued, delivered to and paid for by the Purchasers in accordance with the terms of this Agreement, will have been duly executed, authenticated, issued and delivered under the Indenture and will constitute legal, valid and binding obligations of the Company, entitled to the benefits of the Indenture, and enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally or by general equitable principles. When executed and delivered, the Senior Notes will be substantially in the form attached as an exhibit to the Indenture.

4.2.4 Exemption from Registration. Neither the Company, nor any of its Subsidiaries or Affiliates, nor any Person acting on its or their behalf, has engaged in any form of

general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the Senior Notes. Assuming the accuracy of the representations and warranties of each Purchaser set forth in this Agreement, the Senior Notes will be issued in a transaction exempt from the registration requirements of the Securities Act. No "bad actor" disqualifying event described in Rule 506(d)(1)(i)-(viii) of the Securities Act (a "Disqualification Event") is applicable to the Company or, to the Company's knowledge, any Person described in Rule 506(d)(1) (each, a "Company Covered Person"). The Company has exercised reasonable care to determine whether any Company Covered Person is subject to a Disqualification Event. The Company has complied, to the extent applicable, with its disclosure obligations under Rule 506(e).

4.2.5 No Defaults or Restrictions Neither the execution and delivery of the Transaction Documents nor compliance with their respective terms and conditions will (whether with or without the giving of notice or lapse of time or both) (i) violate, conflict with or result in a breach of, or constitute a default under: (1) the Articles of Incorporation or Bylaws of the Company; (2) any of the terms, obligations, covenants, conditions or provisions of any corporate restriction or of any contract, agreement, indenture, mortgage, deed of trust, pledge, bank loan or credit agreement, or any other agreement or instrument to which the Company or the Bank, as applicable, is now a party or by which it or any of its properties may be bound or affected; (3) any judgment, order, writ, injunction, decree or demand of any court, arbitrator, grand jury, or Governmental Agency applicable to the Company or the Bank; or (4) any statute, rule or regulation applicable to the Company, except, (x) in the case of item (2) for such violations and conflicts consented to or approved by the counterparty to the Company or the Bank under any contract, agreement or instrument and (y) in the case of items (2), (3) or (4), for such violations and conflicts that would not reasonably be expected to have, singularly or in the aggregate, a Material Adverse Effect on the Company and its Subsidiaries taken as a whole, or (ii) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any property or asset of the Company. Neither the Company nor the Bank is in default in the performance, observance or fulfillment of any of the terms, obligations, covenants, conditions or provisions contained in any indenture or other agreement creating, evidencing or securing Indebtedness of any kind or pursuant to which any such Indebtedness is issued, or any other agreement or instrument to which the Company or the Bank, as applicable, is a party or by which the Company or the Bank, as applicable, or any of its properties may be bound or affected, except, in each case, only such defaults that would not reasonably be expected to have, singularly or in the aggregate, a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

4.2.6 Governmental Consent No governmental orders, permissions, consents, approvals or authorizations are required to be obtained by the Company that have not been obtained, and no registrations or declarations are required to be filed by the Company that have not been filed in connection with, or, in contemplation of, the execution and delivery of, and performance under, the Transaction Documents, except for applicable requirements, if any, of the Securities Act, the Exchange Act or state securities laws or "blue sky" laws of the various states and any applicable federal or state banking laws and regulations.

4.3 Possession of Licenses and Permits The Company and each of its Subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate Governmental Agencies necessary to conduct the business now operated by them except where the failure to possess such Governmental Licenses would not, singularly or in the aggregate, have a Material Adverse Effect on the Company and any applicable Subsidiary, taken as a whole; the Company and each Subsidiary of the Company is in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, individually or in the aggregate, have a Material Adverse Effect on the Company and any applicable Subsidiary, taken as whole; all of the Governmental Licenses are valid and in full force and effect, except where the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse Effect on the Company and any applicable Subsidiary, taken as a whole; and neither the Company nor any Subsidiary of the Company has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses.

4.4 Financial Condition.

4.4.1 Company Financial Statements. The financial statements of the Company included in the Company's Reports (including the related notes, where applicable), which have been made available to the Purchasers (i) have been prepared from, and are in accordance with, the books and records of the Company; (ii) fairly present in all material respects the results of operations, cash flows, changes in shareholders' equity and financial position of the Company and its consolidated Subsidiaries, for the respective fiscal periods or as of the respective dates therein set forth (subject in the case of unaudited statements to recurring year-end adjustments normal in nature and amount), as applicable; (iii) complied as to form, as of their respective dates of filing in all material respects with applicable accounting requirements, with respect thereto; and (iv) have been prepared in accordance with GAAP consistently applied during the periods involved, except, in each case, (x) as indicated in such statements or in the notes thereto, (y) for any statement therein or omission therefrom that was corrected, amended, or supplemented or otherwise disclosed or updated in a subsequent Company's Report, and (z) to the extent that any unaudited interim financial statements do not contain the footnotes required by GAAP, and were or are subject to normal and recurring year-end adjustments, which were not or are not expected to be material in amount, either individually or in the aggregate. The books and records of Company have been, and are being, maintained in all material respects in accordance with GAAP and any other applicable legal and accounting requirements. The Company does not have any material liability of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether due or to become due), except for those liabilities that are reflected or reserved against on the consolidated balance sheet of the Company contained in the Company's Reports for the Company's most recently completed quarterly or annual fiscal period, as applicable, and for liabilities incurred in the ordinary course of business consistent with past practice or in connection with this Agreement and the transactions contemplated hereby.

4.4.2 Absence of Default. Since the end of the Company's last fiscal year ended December 31, 2023, no event has occurred which either by itself or with the lapse of time or the giving of notice or both, would give any creditor of the Company the right to accelerate the maturity of any material Indebtedness of the Company. The Company is not in default under any other Lease, agreement or instrument, or any law, rule, regulation, order, writ, injunction, decree, determination or award, non-compliance with which could reasonably be expected to result in a Material Adverse Effect on the Company.

4.4.3 Solvency. After giving effect to the consummation of the transactions contemplated by this Agreement, the Company has capital sufficient to carry on its business and transactions and is solvent and able to pay its debts as they mature. No transfer of property is being made and no Indebtedness is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of the Company or any Subsidiary of the Company.

4.4.4 Ownership of Property. The Company and each of its Subsidiaries has title as to all real property owned by it and title to all assets and properties owned by the Company and such Subsidiary in the conduct of its businesses, whether such assets and properties are real or personal, tangible or intangible, including assets and property reflected in the most recent balance sheet contained in the Company's Reports or acquired subsequent thereto (except to the extent that such assets and properties have been disposed of in the ordinary course of business, since the date of such balance sheet), subject to no encumbrances, liens, mortgages, security interests or pledges, except (i) those items which secure liabilities for public or statutory obligations or any discount with, borrowing from or other obligations to the Federal Home Loan Bank, a Federal Reserve Bank, inter-bank credit facilities, reverse repurchase agreements or any transaction by the Bank acting in a fiduciary capacity, (ii) statutory liens for amounts not yet delinquent or which are being contested in good faith and (iii) such as do not, individually or in the aggregate, materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company or any of its Subsidiaries. The Company and each of its Subsidiaries, as lessee, has the right under valid and existing Leases of real and personal properties that are material to the Company or such Subsidiary, as applicable, in the conduct of its business to occupy or use all such properties as presently occupied and used by it. Such existing Leases and commitments to Lease constitute or will constitute operating Leases for both tax and financial accounting purposes except as otherwise disclosed in the Company's Reports and the Lease expense and minimum rental commitments with respect to such Leases and Lease commitments are as disclosed in all material respects in the Company's Reports.

4.5 No Material Adverse Change. Since the end of the Company's last fiscal year ended December 31, 2023, there has been no development or event which has had or could reasonably be expected to have a Material Adverse Effect on the Company and any of its Subsidiaries, taken as a whole.

4.6 Legal Matters.

4.6.1 Compliance with Law. The Company and each of its Subsidiaries (i) has complied with and (ii) to the Company's knowledge, is not under investigation with respect to and has not been threatened to be charged with or given any notice of any material violation of any applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government, or any instrumentality or agency thereof, having jurisdiction over the conduct of its business or the ownership of its properties, except where any such failure to comply or violation would not reasonably be expected to have a Material Adverse Effect on the Company and any of its Subsidiaries, taken as a whole. The Company and each of its Subsidiaries is in compliance with, and at all times prior to the date hereof has been in compliance with, (x) all statutes, rules, regulations, orders and restrictions of any domestic or foreign government, or any Governmental Agency, applicable to it, and (y) its own privacy policies and written commitments to customers, consumers and employees, concerning data protection, the privacy and security of personal data, and the nonpublic personal information of its customers, consumers and employees, in each case except where any such failure to comply, would not result, individually or in the aggregate, in a Material Adverse Effect on the Company and any of its Subsidiaries, taken as a whole. At no time during the two years prior to the date hereof has the Company or any of its Subsidiaries received any written notice asserting any violations of any of the foregoing, except for any such violations that would not result, individually or in the aggregate, in a Material Adverse Effect on the Company and any of its Subsidiaries, taken as a whole.

4.6.2 Regulatory Enforcement Actions. The Company, the Bank and the Company's other Subsidiaries are in compliance in all material respects with all laws administered by and regulations of any Governmental Agency applicable to it or to them, the failure to comply with which would have a Material Adverse Effect on the Company and any of its Subsidiaries, taken as a whole. None of the Company, the Bank, the Company's or the Bank's Subsidiaries nor any of their officers or directors is now operating under any restrictions, agreements, memoranda, commitment letter, supervisory letter or similar regulatory correspondence, or other commitments (other than restrictions of general application) imposed by any Governmental Agency, nor are there, to the Company's knowledge, (a) any such restrictions threatened, (b) any agreements, memoranda or commitments being sought by any Governmental Agency, or (c) any legal or regulatory violations previously identified by, or penalties or other remedial action previously imposed by, any Governmental Agency that remain unresolved, except for such as would not result, individually or in the aggregate, in a Material Adverse Effect on the Company and any of its Subsidiaries, taken as a whole.

4.6.3 Pending Litigation. There are no actions, suits, proceedings or written agreements pending, or, to the Company's knowledge, threatened or proposed, against the Company or any of its Subsidiaries at law or in equity or before or by any federal, state, municipal, or other governmental department, commission, board, or other administrative agency, domestic or foreign, that, either separately or in the aggregate, would reasonably be expected to have a Material Adverse Effect on the Company and any of its Subsidiaries, taken as a whole, or affect issuance or payment of the Senior Notes; and neither the Company nor any of its Subsidiaries is a party to or named as subject to the provisions of any order, writ, injunction,

or decree of, or any written agreement with, any court, commission, board or agency, domestic or foreign, that either separately or in the aggregate, will have a Material Adverse Effect on the Company and any of its Subsidiaries, taken as a whole.

4.6.4 Environmental. The Company and each of its Subsidiaries are in compliance in all material respects with all Hazardous Materials Laws, except where such noncompliance would not reasonably be expected to have a Material Adverse Effect on the Company and any of its Subsidiaries, taken as a whole. There are no claims or actions pending or, to the Company's knowledge, threatened against the Company or any of its Subsidiaries by any Governmental Agency or by any other Person relating to any Hazardous Materials or pursuant to any Hazardous Materials Law, except for such actions or claims that would not reasonably be expected to have a Material Adverse Effect on the Company and any of its Subsidiaries, taken as a whole.

4.6.5 Brokerage Commissions. Except for commissions paid or payable to the Placement Agents, neither the Company nor any Affiliate of the Company is obligated to pay any brokerage commission or finder's fee to any Person in connection with the transactions contemplated by this Agreement.

4.6.6 Investment Company Act. The Company is not and, after giving effect to the consummation of the transactions contemplated by the Transaction Documents, will not be, required to register as an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

4.7 No Misstatement. No information, exhibit, report, schedule or document, when viewed together as a whole, furnished by the Company to the Purchasers in connection with the negotiation, execution or performance of this Agreement contains any untrue statement of material fact, or omits to state a material fact necessary to make the statements contained therein not misleading in light of the circumstances when made or furnished to Purchasers and as of the date of this Agreement, except for any statement therein or omission therefore which was corrected, amended or supplemented or otherwise disclosed or updated in a subsequent exhibit, report, schedule or document prior to the date of this Agreement.

4.8 Internal Accounting Controls. The Company, the Bank and each other Subsidiary of the Company has established and maintains a system of internal control over financial reporting that pertains to the maintenance of records that accurately and fairly reflect the transactions and dispositions of the Company's assets (on a consolidated basis), provides reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that the Company's and the Bank's receipts and expenditures and receipts and expenditures of each of the Company's other Subsidiaries are being made only in accordance with authorizations of the Company management and Board of Directors, and provides reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets of the Company on a consolidated basis that could have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. Except as disclosed in the Company's Reports, such internal control over financial reporting is effective to provide reasonable assurance regarding the reliability of the Company's financial

reporting and the preparation of the Company's financial statements for external purposes in accordance with GAAP. Except as disclosed in the Company's Reports, since the conclusion of the Company's last completed fiscal year there has not been and there currently is not (i) any significant deficiency or material weakness in the design or operation of its internal control over financial reporting which is reasonably likely to adversely affect its ability to record, process, summarize and report financial information, or (ii) any fraud, whether or not material, that involves management or other employees who have a role in the Company's or the Bank's internal control over financial reporting. The Company (A) has implemented and maintains disclosure controls and procedures reasonably designed and maintained to ensure that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer of the Company by others within the Company and (B) has disclosed, based on its most recent evaluation prior to the date hereof, to the Company's outside auditors and the audit committee of the Company's Board of Directors any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's internal controls over financial reporting. Such disclosure controls and procedures are effective for the purposes for which they were established.

4.9 Tax Matters. The Company, the Bank and each Subsidiary of the Company have (i) filed all material foreign, U.S. federal, state and local tax returns, information returns and similar reports that are required to be filed, and all such tax returns are true, correct and complete in all material respects, and (ii) paid all material taxes required to be paid by it and any other material assessment, fine or penalty levied against it other than taxes (x) currently payable without penalty or interest, or (y) being contested in good faith by appropriate proceedings.

4.10 Exempt Offering. Assuming the accuracy of the Purchasers' representations and warranties set forth in this Agreement, no registration under the Securities Act is required for the offer and sale of the Senior Notes by the Company to the Purchasers.

4.11 Representations and Warranties Generally. The representations and warranties of the Company set forth in this Agreement, or in any other agreement entered into by the Company pursuant to the requirements of this Agreement, are true and correct as of the date hereof and as otherwise specifically provided herein or therein.

5. GENERAL COVENANTS, CONDITIONS AND AGREEMENTS.

The Company hereby further covenants and agrees with each Purchaser as follows, until such time following the Closing as such Purchaser ceases to own a beneficial interest in the Global Note or a Definitive Note:

5.1 Compliance with Transaction Documents. The Company shall comply with, observe and timely perform each and every one of the covenants, agreements and obligations under the Transaction Documents.

5.2 Affiliate Transactions. The Company shall not itself, nor shall it cause, permit or allow any of its Subsidiaries to enter into any material transaction, including the purchase, sale or

exchange of property or the rendering of any service, with any Affiliate of the Company except (i) for transactions between or among the Company and its wholly owned Subsidiaries or (ii) in the ordinary course of business and pursuant to the reasonable requirements of the Company's or such Affiliate's business and upon terms consistent with applicable laws and regulations and reasonably found by the appropriate board(s) of directors to be fair and reasonable and no less favorable to the Company or such Affiliate than would be obtained in a comparable arm's length transaction with a Person not an Affiliate.

5.3 Compliance with Laws; Additional Agreements

5.3.1 Generally. The Company shall comply and cause the Bank and each of its other Subsidiaries to comply in all material respects with all applicable statutes, rules, regulations, orders and restrictions in respect of the conduct of its business and the ownership of its properties, except, in each case, where such noncompliance would not reasonably be expected to have a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole.

5.3.2 Regulated Activities. The Company shall not itself, nor shall it cause, permit or allow the Bank or any other of its Subsidiaries to (i) engage in any business or activity not permitted by all applicable laws and regulations, except where such business or activity would not reasonably be expected to have a Material Adverse Effect on the Company, the Bank and/or such of its Subsidiaries, taken as a whole, or (ii) make any loan or advance secured by the capital stock of another bank or depository institution, or acquire the capital stock, assets or obligations of or any interest in another bank or depository institution, in each case other than in accordance with applicable laws and regulations and safe and sound banking practices.

5.3.3 Taxes. The Company shall and shall cause the Bank and any other of its Subsidiaries to promptly pay and discharge all taxes, assessments and other governmental charges imposed upon the Company, the Bank or any other of the Company's Subsidiaries or upon the income, profits, or property of the Company or any of its Subsidiaries and all claims for labor, material or supplies which, if unpaid, might by law become a lien or charge upon the property of the Company, the Bank or any other of the Company's Subsidiaries if such nonpayment could reasonably be expected to have a Material Adverse Effect on the Company. Notwithstanding the foregoing, none of the Company, the Bank or any other of the Company's Subsidiaries shall be required to pay any such tax, assessment, charge or claim, so long as the validity thereof shall be contested in good faith by appropriate proceedings, and appropriate reserves therefor shall be maintained on the books of the Company, the Bank and such other Subsidiary of the Company.

5.3.4 Corporate Existence. The Company shall do or cause to be done all things reasonably necessary to maintain, preserve and renew its corporate existence and that of the Bank and the other Subsidiaries and its and their rights and franchises, and comply in all material respects with all related laws applicable to the Company, the Bank or the other Subsidiaries.

5.4 Absence of Control. It is the intent of the parties to this Agreement that in no event shall the Purchasers, by reason of any of the Transaction Documents, be deemed to control,

directly or indirectly, the Company, and the Purchasers shall not exercise, or be deemed to exercise, directly or indirectly, a controlling influence over the management or policies of the Company.

5.5 Bloomberg. The Company shall use commercially reasonable efforts to cause the Senior Notes to be quoted on Bloomberg.

5.6 DTC Registration; Partial Redemption through DTC. The Company shall use commercially reasonable efforts to cause the Senior Notes held by QIBs to be registered in the name of Cede & Co. as nominee of DTC or a nominee of DTC. For purposes of clarity and pursuant to (and as further described in) the terms of the Senior Notes, any redemption made pursuant to the terms of the Senior Notes shall be made on a pro rata basis, and, with respect to any partial redemption of the Senior Notes, partial redemptions will be processed through DTC, in accordance with its rules and procedures, as a Pro Rata Pass-Through Distribution of Principal.

5.7 Rule 144A Information. While any Senior Notes remain "restricted securities" within the meaning of the Securities Act, the Company will make available, upon request, to any seller of such Senior Notes the information specified in Rule 144A(d)(4) under the Securities Act, unless the Company is then subject to Section 13 or 15(d) of the Exchange Act.

5.8 Designated NRSRO Rating. The Company will use commercially reasonable efforts to maintain a rating by a Designated NRSRO while any Senior Notes remain outstanding.

5.9 Resale Registration Rights. Subject to the terms and conditions of this Agreement, the Company will provide to the Purchasers the resale registration rights described in the Registration Rights Agreement.

6. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PURCHASERS

Each Purchaser hereby represents and warrants to the Company, and covenants with the Company, severally and not jointly, as follows:

6.1 Legal Power and Authority. The Purchaser has all necessary power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The Purchaser is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.

6.2 Authorization and Execution. The execution, delivery and performance of this Agreement and the Registration Rights Agreement have been duly authorized by all necessary action on the part of such Purchaser, and, assuming due authorization, execution and delivery by the other parties thereto, this Agreement and the Registration Rights Agreement are each a legal, valid and binding obligation of such Purchaser, enforceable against such Purchaser in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency,

reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally or by general equitable principles.

6.3 No Conflicts. Neither the execution, delivery or performance of the Transaction Documents nor the consummation of any of the transactions contemplated thereby will conflict with, violate, constitute a breach of or a default (whether with or without the giving of notice or lapse of time or both) under (i) the Purchaser's organizational documents, (ii) any agreement to which the Purchaser is party, (iii) any law applicable to the Purchaser or (iv) any order, writ, judgment, injunction, decree, determination or award binding upon or affecting the Purchaser.

6.4 Purchase for Investment. The Purchaser is purchasing the Senior Note for its own account and not with a view to distribution and with no present intention of reselling, distributing or otherwise disposing of the same. The Purchaser has no present or contemplated agreement, undertaking, arrangement, obligation, indebtedness or commitment providing for, or which is likely to compel, a disposition of the Senior Notes in any manner.

6.5 Institutional Accredited Investor; Qualified Institutional Buyer. If "institutional" is checked on the Purchaser's respective signature page hereto, the Purchaser is and will be on the Closing Date an institutional "accredited investor" as such term is defined in Rule 501(a) of Regulation D and as contemplated by subsections (1), (2), (3), (7), (9), (12) or, if a family client that is an institution, (13) of Rule 501(a) of Regulation D, and has no less than \$5,000,000 in total assets. If set forth on the Purchaser's respective signature page hereto, such Purchaser is and will be on the Closing Date a QIB.

6.6 Individual Accredited Investor. If "individual" is checked on the Purchaser's respective signature page hereto, the Purchaser is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D and as contemplated by subsections (4), (5), (6) or (8) of Rule 501(a) of Regulation D and either (i) is a director or executive officer of the Company, (ii) has a net worth, either individually or with such Purchaser's spouse, in excess of \$1,000,000 (as calculated in accordance with Rule 501(a)(5) of Regulation D), (iii) had an individual income in excess of \$200,000 in each of the two most recent years or a joint income with such Purchaser's spouse in excess of \$300,000 in each of the two most recent years and has a reasonable expectation of reaching the same income level in the current year (in each case, as calculated in accordance with Rule 501(a)(6) of Regulation D) or (iv) is an entity in which all of the equity owners are accredited investors (as defined in Rule 501(a) of Regulation D).

6.7 Financial and Business Sophistication. The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment in the Senior Notes. The Purchaser has relied solely upon its own knowledge of, and/or the advice of its own legal, financial or other advisors with regard to, the legal, financial, tax and other considerations involved in deciding to invest in the Senior Notes.

6.8 Ability to Bear Economic Risk of Investment. The Purchaser recognizes that an investment in the Senior Notes involves substantial risk. The Purchaser has the ability to bear the economic risk of the prospective investment in the Senior Notes, including the ability to hold the

Senior Notes indefinitely, and further including the ability to bear a complete loss of all of the Purchaser's investment in the Company.

6.9 Information. The Purchaser acknowledges that: (i) the Purchaser is not being provided with the disclosures that would be required if the offer and sale of the Senior Notes were registered under the Securities Act, nor is the Purchaser being provided with any offering circular or prospectus prepared in connection with the offer and sale of the Senior Notes; (ii) the Purchaser has conducted its own examination of the Company and the terms of the Senior Notes to the extent the Purchaser deems necessary to make its decision to invest in the Senior Notes; and (iii) the Purchaser has availed itself of publicly available financial and other information concerning the Company to the extent the Purchaser deems necessary to make its decision to purchase the Senior Notes. The Purchaser has reviewed the information set forth in the Company's Reports, the exhibits and schedules hereto and the information contained in the data room established by the Company in connection with the transactions contemplated by this Agreement.

6.10 Access to Information. The Purchaser acknowledges that the Purchaser and its advisors have been furnished with all materials relating to the business, finances and operations of the Company that have been requested by the Purchaser or its advisors and have been given the opportunity to ask questions of, and to receive answers from, persons acting on behalf of the Company concerning the Company and the terms and conditions of the transactions contemplated by this Agreement in order to make an informed and voluntary decision to enter into this Agreement.

6.11 Investment Decision. The Purchaser has made its own investment decision based upon its own judgment, due diligence and advice from such advisors as it has deemed necessary and not upon any view expressed by any other person or entity, including the Placement Agents (or, with respect to the Indenture, the Trustee). Neither such inquiries nor any other due diligence investigations conducted by it or its advisors or representatives, if any, shall modify, amend or affect its right to rely on the Company's representations and warranties contained herein. The Purchaser is not relying upon, and has not relied upon, any advice, statement, representation or warranty made by any Person by or on behalf of the Company, including, without limitation, the Placement Agents (or, with respect to the Indenture, the Trustee), except for the express statements, representations and warranties of the Company made or contained in this Agreement. Furthermore, the Purchaser acknowledges that (i) the Placement Agents have not performed any due diligence review on behalf of it and (ii) nothing in this Agreement or any other materials presented by or on behalf of the Company to the Purchaser in connection with the purchase of the Senior Notes constitutes legal, tax or investment advice.

6.12 Private Placement; No Registration; Restricted Legends. The Purchaser understands and acknowledges that the Senior Notes are being sold by the Company without registration under the Securities Act in reliance on the exemption from federal and state registration set forth in, respectively, Rule 506(b) of Regulation D promulgated under Section 4(a)(2) of the Securities Act and Section 18 of the Securities Act, or any state securities laws, and accordingly, may be resold, pledged or otherwise transferred only if exemptions from

the Securities Act and applicable state securities laws are available to it. The Purchaser is not subscribing for the Senior Notes as a result of or subsequent to any general solicitation or general advertising, in each case within the meaning of Rule 502(c) of Regulation D, including any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or presented at any seminar or meeting. The Purchaser further acknowledges and agrees that all certificates or other instruments representing the Senior Notes will bear the restrictive legend set forth in the form of Senior Note, which is attached as an exhibit to the Indenture. The Purchaser further acknowledges its primary responsibilities under the Securities Act and, accordingly, will not sell or otherwise transfer the Senior Notes or any interest therein without complying with the requirements of the Securities Act and the rules and regulations promulgated thereunder and the requirements set forth in this Agreement.

6.13 Placement Agent. The Purchaser will purchase the Senior Note(s) directly from the Company and not from the Placement Agents and understands that neither the Placement Agents nor any other broker or dealer have any obligation to make a market in the Senior Notes.

6.14 Accuracy of Representations. The Purchaser understands that each of the Placement Agents and the Company are relying upon the truth and accuracy of the foregoing representations, acknowledgements and agreements in connection with the transactions contemplated by this Agreement and agrees that if any of the representations or acknowledgements made by it are no longer accurate as of the Closing Date, or if any of the agreements made by it are breached on or prior to the Closing Date, it shall promptly notify the Placement Agents and the Company.

6.15 Representations and Warranties Generally. The representations and warranties of the Purchaser set forth in this Agreement are true and correct as of the date hereof and will be true and correct as of the Closing Date and as otherwise specifically provided herein. Any certificate signed by a duly authorized representative of the Purchaser and delivered to the Company or to counsel for the Company shall be deemed to be a representation and warranty by the Purchaser to the Company as to the matters set forth therein.

7. MISCELLANEOUS.

7.1 Prohibition on Assignment by the Company. Except as described in Article Eight of the Indenture, the Company may not assign, transfer or delegate any of its rights or obligations under the Senior Notes without the prior written consent of the Holders (as defined in the Senior Notes). The Company may not assign, transfer or delegate any of its rights or obligations under this Agreement except to a permitted successor Person under Article Eight of the Indenture. In addition, in accordance with the terms of the Senior Notes, any transfer of such Senior Notes by the Holders must be made in accordance with the Assignment Form attached thereto and the requirement and restrictions thereof.

7.2 Time of the Essence. Time is of the essence for this Agreement.

7.3 Waiver or Amendment. No waiver or amendment of any term, provision, condition, covenant or agreement herein shall be effective unless in writing and signed by all of the parties hereto. Waiver of amendment of any term of the Indenture and/or the Senior Note shall be governed by the terms of the Indenture. No failure to exercise or delay in exercising, by a Purchaser or any holder of the Senior Notes, of any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right or remedy provided by law. The rights and remedies provided in this Agreement are cumulative and not exclusive of any right or remedy provided by law or equity.

7.4 Severability. Any provision of this Agreement which is unenforceable or invalid or contrary to law, or the inclusion of which would adversely affect the validity, legality or enforcement of this Agreement, shall be of no effect and, in such case, all the remaining terms and provisions of this Agreement shall subsist and be fully effective according to the tenor of this Agreement the same as though any such invalid portion had never been included herein. Notwithstanding any of the foregoing to the contrary, if any provisions of this Agreement or the application thereof are held invalid or unenforceable only as to particular persons or situations, the remainder of this Agreement, and the application of such provision to persons or situations other than those to which it shall have been held invalid or unenforceable, shall not be affected thereby, but shall continue valid and enforceable to the fullest extent permitted by law.

7.5 Notices. Any notice which any party hereto may be required or may desire to give hereunder shall be deemed to have been given if in writing and if delivered personally, or if mailed, postage prepaid, by United States registered or certified mail, return receipt requested, or if delivered by a responsible overnight commercial courier promising next Business Day delivery, addressed:

if to the Company:	Eagle Bancorp, Inc. 7830 Old Georgetown Road, Third Floor Bethesda, Maryland 20814 Attention: General Counsel
with a copy to:	Sullivan & Cromwell LLP 1700 New York Avenue NW, Suite 700 Washington, DC 20006 Attention: Benjamin H. Weiner
if to the Purchasers:	To the address indicated on such Purchaser's signature page.

or to such other address or addresses as the party to be given notice may have furnished in writing to the party seeking or desiring to give notice, as a place for the giving of notice; provided that no change in address shall be effective until five (5) Business Days after being given to the other party in the manner provided for above. Any notice given in accordance with the foregoing shall be deemed given when delivered personally or, if mailed, three (3) Business

Days after it shall have been deposited in the United States mails as aforesaid or, if sent by overnight courier, the Business Day following the date of delivery to such courier (provided next Business Day delivery was requested).

7.6 Successors and Assigns. This Agreement shall inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns; except that, unless a Purchaser consents in writing, no assignment made by the Company in violation of this Agreement shall be effective or confer any rights on any purported assignee of the Company. The term "successors and assigns" will not include a purchaser of any of the Senior Notes from any Purchaser merely because of such purchase.

7.7 No Joint Venture. Nothing contained herein or in any document executed pursuant hereto and no action or inaction whatsoever on the part of a Purchaser, shall be deemed to make a Purchaser a partner or joint venturer with the Company.

7.8 Documentation. All documents and other matters required by any of the provisions of this Agreement to be submitted or furnished to a Purchaser shall be in form and substance reasonably satisfactory to such Purchaser.

7.9 Entire Agreement. This Agreement, the Indenture, the Registration Rights Agreement and the Senior Notes along with any exhibits thereto constitute the entire agreement between the parties hereto with respect to the subject matter hereof and may not be modified or amended in any manner other than by supplemental written agreement executed by the parties hereto. No party, in entering into this Agreement, has relied upon any representation, warranty, covenant, condition or other term that is not set forth in this Agreement, the Indenture, the Registration Rights Agreement or in the Senior Notes.

7.10 Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to its laws or principles of conflict of laws (other than Section 5-1401 of the New York General Obligations Law).

7.11 No Third Party Beneficiary. This Agreement is made for the sole benefit of the Company and the Purchasers, and no other Person shall be deemed to have any privity of contract hereunder nor any right to rely hereon to any extent or for any purpose whatsoever, nor shall any other Person have any right of action of any kind hereon or be deemed to be a third party beneficiary hereunder; *provided*, that the Placement Agents may rely on the representations and warranties contained herein to the same extent as if they were a party to this Agreement.

7.12 Legal Tender of United States. All payments hereunder shall be made in coin or currency which at the time of payment is legal tender in the United States of America for public and private debts.

7.13 Captions; Counterparts. Captions contained in this Agreement in no way define, limit or extend the scope or intent of their respective provisions. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which

taken together shall constitute but one and the same instrument. In the event that any signature is delivered by facsimile transmission, or by e-mail delivery of a ".pdf" format data file (including any electronic signature complying with the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), as amended from time to time, or other applicable law), such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof.

7.14 Knowledge; Discretion. All references herein to a Purchaser's or the Company's knowledge shall be deemed to mean the knowledge of such party based on the actual knowledge of such party's Chief Executive Officer and Chief Financial Officer or such other persons holding equivalent offices. Unless specified to the contrary herein, all references herein to an exercise of discretion or judgment by a Purchaser, to the making of a determination or designation by a Purchaser, to the application of a Purchaser's discretion or opinion, to the granting or withholding of a Purchaser's consent or approval, to the consideration of whether a matter or thing is satisfactory or acceptable to a Purchaser, or otherwise involving the decision making of a Purchaser, shall be deemed to mean that such Purchaser shall decide using the reasonable discretion or judgment of a prudent lender.

7.15 Waiver Of Right To Jury Trial. TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THAT THEY MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION ARISING IN ANY WAY IN CONNECTION WITH ANY OF THE TRANSACTION DOCUMENTS, OR ANY OTHER STATEMENTS OR ACTIONS OF THE COMPANY OR THE PURCHASERS. THE PARTIES ACKNOWLEDGE THAT THEY HAVE BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL SELECTED OF THEIR OWN FREE WILL. THE PARTIES FURTHER ACKNOWLEDGE THAT (I) THEY HAVE READ AND UNDERSTAND THE MEANING AND RAMIFICATIONS OF THIS WAIVER, (II) THIS WAIVER HAS BEEN REVIEWED BY THE PARTIES AND THEIR COUNSEL AND IS A MATERIAL INDUCEMENT FOR ENTRY INTO THIS AGREEMENT AND THE REGISTRATION RIGHTS AGREEMENT AND (III) THIS WAIVER SHALL BE EFFECTIVE AS TO EACH OF SUCH TRANSACTION DOCUMENTS AS IF FULLY INCORPORATED THEREIN.

7.16 Expenses. Except as otherwise provided in this Agreement, each of the parties will bear and pay all other costs and expenses incurred by it or on its behalf in connection with the transactions contemplated pursuant to this Agreement.

7.17 Survival. Each of the representations and warranties set forth in this Agreement shall survive the consummation of the transactions contemplated hereby for a period of one year after the date hereof. Except as otherwise provided herein, all covenants and agreements contained herein shall survive until, by their respective terms, they are no longer operative.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Company has caused this Senior Note Purchase Agreement to be executed by its duly authorized representative as of the date first above written.

COMPANY:

EAGLE BANCORP, INC.

By: ____
Name: Susan G. Riel
Title: Chief Executive Officer

By: ____
Name: Eric R. Newell
Title: Chief Financial Officer

IN WITNESS WHEREOF, the Purchaser has caused this Senior Note Purchase Agreement to be executed by its duly authorized representative as of the date first above written.

PURCHASER:

[INSERT PURCHASER'S NAME]

By: _____
Name: [•]
Title: [•]

Address of Purchaser:

[•]

Principal Amount of Purchased Senior Note:

\$[•]

Accredited Investor Type:

Institutional: _____ Individual: _____

Status as a QIB:

Yes: _____ No: _____

Exhibit A

REGISTRATION RIGHTS AGREEMENT

Exhibit B
INDENTURE

Exhibit C

OPINION OF SULLIVAN & CROMWELL LLP

Exhibit D

OPINION OF MARYLAND COUNSEL

CERTIFICATION

I, Susan G. Riel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eagle Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ Susan G. Riel

President and Chief Executive Officer of the Company

CERTIFICATION

I, Eric R. Newell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eagle Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ Eric R. Newell

Executive Vice President and Chief Financial Officer of the Company

CERTIFICATION

I, Norman R. Pozez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eagle Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ Norman R. Pozez
Executive Chairman of the Company

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Form 10-Q of Eagle Bancorp, Inc. for the quarter ended September 30, 2024, I, Susan G. Riel, President and Chief Executive Officer of Eagle Bancorp, Inc., hereby certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

- (1) such Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Eagle Bancorp, Inc.

/s/ Susan G. Riel

Susan G. Riel
President and Chief Executive Officer of the Company

November 7, 2024

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Form 10-Q of Eagle Bancorp, Inc. for the quarter ended September 30, 2024, I, Eric R. Newell, Executive Vice President and Chief Financial Officer of Eagle Bancorp, Inc., hereby certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

- (1) such Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Eagle Bancorp, Inc.

/s/ Eric R. Newell

Eric R. Newell

Executive Vice President and Chief Financial Officer of the Company

November 7, 2024

CERTIFICATION OF EXECUTIVE CHAIRMAN
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Form 10-Q of Eagle Bancorp, Inc. for the quarter ended September 30, 2024, I, Norman R. Pozez, Executive Chairman of Eagle Bancorp, Inc., hereby certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

- (1) such Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Eagle Bancorp, Inc.

/s/ Norman R. Pozez

Norman R. Pozez

Executive Chairman of the Company

November 7, 2024