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By Email

Re: EagleBank

Dear Counsel:

The United States Department of Justice, Criminal Division, Money Laundering, Narcotics and Forfeiture Section and the United States Attorney's Office for the Middle District of Pennsylvania (collectively the "Offices") and EagleBank ("EagleBank" or "the Bank"), pursuant to authority granted by a resolution of the Board of the Bank, enter into this Non-Prosecution Agreement ("Agreement"). EagleBank's parent company, Eagle Bancorp, Inc. ("the parent company"), together with the Bank, by its undersigned representatives, pursuant to authority granted by Eagle Bancorp, Inc.'s Board of Directors, also agrees to certain terms and conditions of the Agreement, as applicable and as set forth below.

The Offices enter into the Agreement based on the individual facts and circumstances presented by this case and as summarized in the attachments to this Agreement, including, among other things: (i) the nature and seriousness of the offense conduct, including the knowledge and involvement of certain former senior executives and other high-level personnel of the Bank in the conduct that forms the basis for this Agreement, as is further described in the statement of facts; (ii) the Bank has taken remedial measures to enhance its BSA/AML compliance program, including its due diligence and enhanced due diligence procedures for customers determined to be high risk, its procedures for assessing the risk associated with customers believed to be engaged in suspicious or fraudulent activity, and its procedures for consideration of account closure and/or relationship termination with respect to customers believed to be engaged in suspicious or fraudulent activity; (iii) several members of the Bank's corporate management team have retired since the conduct in question occurred; (iv) the Bank does not have a prior criminal history, but it did reach settlement agreements with the Securities and Exchange Commission and Federal Reserve Board in 2022 based on deficient internal controls over insider lending practices and insufficient third-party risk management controls for the 2015 to 2018 time frame; and (v) the Bank and its parent company have cooperated with and agreed to continue to cooperate with the Offices in any ongoing investigation of the conduct of EagleBank and its officers, directors, employees, and agents relating to violations of U.S. federal criminal laws.[1]

After considering (i) through (v) above, the Offices believe that an appropriate resolution of this case is a Non-Prosecution Agreement for EagleBank; an aggregate 20 percent discount taken from the lower end of the applicable U.S. Sentencing Guidelines fine range; and forfeiture, as described below. EagleBank admits, accepts, and acknowledges that it is responsible under United States law for the acts of its current and former officers, directors, employees, and agents as set forth in Attachment A (Statement of Facts), and that the facts described therein are true and accurate. The Bank also admits, accepts, and acknowledges that the facts described in the attached Statement of Facts constitute violations of law, specifically willful failures to maintain an anti-money laundering compliance program, in violation of 31 U.S.C. §§ 5318(h), 5322(b). The Bank and its parent company expressly agree that they shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for the Bank or its parent company, make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Bank set forth above or the facts described in the attached Statement of Facts. The Bank agrees that if it, its parent company, or any of the parent company's direct or indirect subsidiaries or affiliates issues a press release or holds any press conference in connection with this Agreement, the Company shall first consult the Offices to determine (a) whether the text of the proposed release or proposed statements at the press conference are true and accurate with respect to matters between the Offices and the Bank; and (b) whether the Offices have any objection to the proposed release or statements.

EagleBank and the parent company's obligations under this Agreement shall have a term of one year from the date on which the Agreement is executed (the "Term"). The Bank and its parent company agree, however, that, in the event the Offices determine, in their sole discretion, that the Bank or its parent company has knowingly violated any provision of this Agreement or has failed to completely

[1] Because EagleBank did not inform the Offices of its misconduct, it did not receive credit for voluntary self-disclosure.

perform or fulfill each of the Bank and its parent company's obligations under this Agreement, an extension or extensions of the Term may be imposed by the Offices, in their sole discretion, for up to a total additional time period of one year, without prejudice to the Offices' right to proceed as provided in the breach provisions of this Agreement below. Any extension of the Agreement extends all terms of this Agreement.

EagleBank and its parent company shall cooperate fully with the Offices in any and all matters relating to the conduct described in this Agreement and the attached Statement of Facts and other conduct under investigation by the Offices or any other component of the Department of Justice involving the BSA and federal money laundering statutes at any time during the Term until the later of the date upon which all investigations and prosecutions arising out of such conduct are concluded, or the Term. At the request of the Offices, EagleBank and its parent company shall also cooperate fully with other domestic or foreign law enforcement and regulatory authorities and agencies in any investigation of EagleBank, its parent company, their subsidiaries and affiliates, and any of these entities' officers, directors, employees, agents, business partners, distributors, and consultants, or any other party, in any and all matters relating to the conduct described in this Agreement and the attached Statement of Facts and other conduct under investigation by the Offices or any other component of the Department of Justice involving the BSA and federal money laundering statutes. EagleBank and its parent company agree that their cooperation shall include, but not be limited to, the following:

a. EagleBank and its parent company shall truthfully disclose all factual information not protected by a valid claim of attorney-client privilege or attorney work product doctrine with respect to their activities, those of the parent company's subsidiaries and affiliates, and those of their present and former directors, officers, employees, agents, and consultants, including any evidence or allegations and internal or external investigations, about which EagleBank and its parent company have any knowledge or about which the Offices may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of EagleBank and its parent company to provide to the Offices, upon request, any document, record, or other tangible evidence about which the Offices may inquire of EagleBank and its parent company.

b. Upon request of the Offices, EagleBank and its parent company shall designate knowledgeable employees, agents, or attorneys to provide to the Offices the information and materials described above on behalf of EagleBank and its parent company. It is further understood that EagleBank and its parent company must at all times provide complete, truthful, and accurate information.

c. EagleBank and its parent company shall use their best efforts to make available for interviews or testimony, as requested by the Offices, present or former officers, directors, employees, agents, and consultants of EagleBank and its parent company. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with domestic or foreign law enforcement and regulatory authorities. Cooperation shall include identification of witnesses who, to the knowledge of EagleBank and its parent company, may have material information regarding the matters under investigation.

d. With respect to any information, testimony, documents, records or other tangible evidence provided to the Offices pursuant to this Agreement, EagleBank and its parent company consent to any and all disclosures, subject to applicable law and regulations, to other governmental authorities, as the Offices, in their sole discretion, shall deem appropriate.

During the Term, should EagleBank or its parent company learn of any evidence or allegation of a violation of U.S. federal criminal law by EagleBank, its parent company, or any of their subsidiaries and affiliates, EagleBank or its parent company, as applicable, shall promptly report such evidence or allegation to the Offices. Thirty (30) days prior to the end of the Term, EagleBank and its parent company, by the Bank's Chief Executive Officer and Chief Financial Officer, will certify, via the document attached at Attachment C to this Agreement, to the Offices that EagleBank and its parent company have met their disclosure obligations pursuant to this Agreement. A similar certification will be made on the last day of the Term. Each certification will be deemed a material statement and representation by EagleBank and its parent company to the executive branch of the United States for purposes of 18 U.S.C. § 1001.

EagleBank and its parent company represent that the Bank has implemented and will continue to implement an anti-money laundering and counter-terrorist financing ("AML/CFT") program designed to prevent and detect violations of applicable AML/CFT laws, including the Bank Secrecy Act, U.S. money laundering statutes, and U.S. sanctions laws, throughout its operations, including those of its affiliates, subsidiaries, joint ventures, agents, consultants, and any other third-party representatives. To address any deficiencies in its AML/CFT program, EagleBank and its parent company represent that the Bank has undertaken and will continue to undertake in the future, in a manner consistent with all of its obligations under this Agreement, a review of its existing AML/CFT controls, policies, and procedures, as well as its compliance with applicable AML/CFT laws. Whenever necessary or appropriate, the Bank agrees to adopt new AML/CFT controls, policies, and procedures to ensure that it maintains a rigorous AML/CFT program designed to effectively detect and deter violations of applicable AML/CFT laws. Thirty (30) days prior to the end of the Term, the Bank, through its Chief Executive Officer and BSA Officer, will certify to the Offices, via the document attached at Attachment E to this agreement, that the Bank has met its compliance obligations pursuant to this Agreement.

EagleBank agrees that it will report to the Offices during the Term regarding further remediation and implementation of compliance measures to improve and strengthen BSA, money laundering, and sanctions compliance. These reports will be prepared in accordance with Attachment D.

Within thirty (30) days of the date of this Agreement, EagleBank agrees to pay a monetary penalty of $9,794,336.62 (the "Monetary Penalty"), which includes a fine of $9,057,821.62 (the "Fine Amount") and, additionally, forfeiture in the amount of $736,515 (the "Forfeiture Amount") to the United States. The Forfeiture Amount is based on the calculable amount of proceeds obtained by EagleBank from overdraft fees earned from the deposit relationships associated with ACCOUNTHOLDER 1, as that person is known in the Statement of Facts. EagleBank and its parent company agree that the Offices could institute a civil and/or criminal forfeiture action against funds held by EagleBank in the amount of the Forfeiture Amount, and that such funds would be forfeitable pursuant to 18 U.S.C. §§ 981(a)(1)(C) and 982(a)(2)(A). The Monetary Penalty shall be paid in accordance with payment instructions provided by the Offices.

EagleBank and its parent company release any and all claims the Bank may have to the Forfeiture Amount, agree that the forfeiture of such funds may be accomplished either administratively or judicially at the Offices' election, and waive the requirements of any applicable laws, rules, or regulations governing the forfeiture of assets, including notice of the forfeiture. If the Offices seek to forfeit the Forfeiture Amount judicially, EagleBank and its parent company consent to entry of an order of forfeiture directed to such funds. If the Offices seek to forfeit the Forfeiture Amount administratively, EagleBank and its parent company consent to the entry of a declaration of forfeiture and waive the requirements of 18 U.S.C. § 983 regarding notice of seizure in non-judicial forfeiture matters. EagleBank and its parent company agree to sign any additional documents necessary to complete forfeiture of the Forfeiture Amount. EagleBank and its parent company also agree that the Bank shall not file any petitions for remission or restoration; any other assertion of ownership or request for return relating to the Forfeiture Amount; or any other action or motion seeking to collaterally attack the seizure, restraint, forfeiture, or conveyance of the Forfeiture Amount, nor shall the Bank assist any others in filing any such claims, petitions, actions, or motions. EagleBank and its parent company agree that the Bank shall not claim, assert, or apply for, either directly or indirectly, any tax deduction, tax credit, or any other offset with regard to any U.S. federal, state, or local tax or taxable income in connection with the payment of any part of the Monetary Penalty, Fine Amount, and/or Forfeiture Amount. EagleBank and its parent company shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source with regard to the Monetary Penalty, Fine Amount, or Forfeiture Amount that the Bank pays pursuant to the Agreement or any other agreement entered into with an enforcement authority or regulator concerning the facts set forth in the attached Statement of Facts.

The payment or payments of the Fine Amount and Forfeiture Amount are final and shall not be refunded should the Offices later determine that EagleBank or its parent company have breached this Agreement and commence a prosecution against EagleBank. In the event of a breach of this Agreement and subsequent prosecution, the Offices are not limited to the Fine Amount or Forfeiture Amount. The Offices agree that in the event of a subsequent breach and prosecution, they will recommend to the Court that the amounts paid pursuant to this Agreement be offset against whatever forfeiture or fine the Court shall impose as part of its judgment. EagleBank and its parent company understand that such a recommendation will not be binding on the Court.

The Offices agree, except as provided herein, that they will not bring any criminal or civil case (except for criminal tax violations, as to which the Offices do not make any agreement) against EagleBank or its parent company relating to: (i) any of the conduct described in the attached Statement of Facts; and (ii) any information that EagleBank or its parent company disclosed to the Offices pertaining to EagleBank's compliance with the BSA and anti-money laundering statutes prior to the signing of this Agreement. To the extent there is conduct disclosed by EagleBank or its parent company that is not described in (i) through (ii) of the preceding sentence, such conduct will not be exempt from prosecution and is not within the scope of or relevant to this Agreement. The Offices may, however, use any information related to the conduct described in the attached Statement of Facts against EagleBank and its parent company: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code. This Agreement does not provide any protection against prosecution for any future conduct by EagleBank, its parent company, or any of their present or former subsidiaries or affiliates. In addition, the Agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with EagleBank, its parent company, or any of their present or former subsidiaries or affiliates.

If, during the Term of this Agreement (a) EagleBank or its parent company commit any felony under U.S. federal law; (b) EagleBank or its parent company provide in connection with this Agreement deliberately false, incomplete, or misleading information, including in connection with their disclosure of information about individual culpability; (c) EagleBank or its parent company fail to cooperate as set forth in this Agreement; or (d) EagleBank or its parent company otherwise fail to completely perform or fulfill each of their obligations under the Agreement, regardless of whether the Offices become aware of such a breach after the Term is complete, EagleBank and its parent company shall thereafter be subject to prosecution for any federal criminal violation of which the Offices have knowledge, including, but not limited to, the conduct described in the attached Statement of Facts, which may be pursued by the Offices in the Middle District of Pennsylvania or any appropriate venue. Determination of whether EagleBank or its parent company have breached the Agreement and whether to pursue prosecution of EagleBank or its parent company shall be in the Offices' sole discretion. Any such prosecution may be premised on information provided by EagleBank, its parent company, their subsidiaries or affiliates, or their personnel.

Any such prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against EagleBank and its parent company, notwithstanding the expiration of the statute of limitations, between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, EagleBank and its parent company agree that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year. In addition, EagleBank and its parent company agree that the statute of limitations as to any violation of U.S. federal law that occurs during the Term will be tolled from the date upon which the violation occurs until the earlier of the date upon which the Offices are made aware of the violation or the duration of the Term plus five years, and that this period shall be excluded from any calculation of time for purposes of the application of the statute of limitations.

In the event the Offices determine that EagleBank or its parent company has breached this Agreement, the Offices agree to provide EagleBank and/or its parent company, as applicable, with written notice of such breach prior to instituting any prosecution resulting from such breach. EagleBank and its parent company shall have 30 days upon receipt of notice of a breach to respond to the Offices in writing to explain the nature and circumstances of such breach, as well as the actions EagleBank and its parent company have taken to address and remediate the situation, which explanation the Offices shall consider in determining whether to pursue prosecution of EagleBank and its parent company.

In the event that the Offices determine that EagleBank or its parent company have breached this Agreement: (a) all statements made by or on behalf of EagleBank or its parent company to the Offices or to the Court, including the attached Statement of Facts, and any testimony given by EagleBank or its parent company before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Offices against EagleBank or its parent company; and (b) EagleBank and its parent company shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that any such statements or testimony made by or on behalf of EagleBank or its parent company prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible. The decision as to whether conduct or statements of any current director, officer, or employee or any person acting on behalf of, or at the direction of, EagleBank and its parent company will be imputed to EagleBank and its parent company for the purpose of determining whether EagleBank and its parent company have violated any provision of this Agreement shall be in the sole discretion of the Offices.

Except as may otherwise be agreed by the parties hereto in connection with a particular transaction, EagleBank and its parent company agree that in the event that, during the Term of the Agreement, EagleBank or its parent entity sells, merges, or transfers all or substantially all of its business operations, as they exist as of the date of this Agreement, whether such sale is structured as a sale, asset sale, merger, transfer, or other change in corporate form, it shall include in any contract for such sale, merger, transfer, or other change in corporate form provisions binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement. Except as may otherwise be agreed by the parties hereto in connection with a particular transaction, if, during the Term of the Agreement, the EagleBank or its parent company undertakes any change in corporate form that involves business operations that are material to EagleBank's or its parent entity's consolidated operations, as they exist as of the date of this Agreement, whether such transaction is structured as a sale, asset sale, merger, transfer, or other change in corporate form, the EagleBank or its parent company shall provide notice to the Offices at least thirty days prior to undertaking any such change in corporate form. If such transaction (or series of transactions) has the effect of circumventing or frustrating the enforcement purposes of this Agreement, as determined in the sole discretion of the Offices, it shall be deemed a breach of this Agreement.

This Agreement is binding on EagleBank, its parent company, and the Offices, but specifically does not bind any other component of the Department of Justice, other federal agencies, or any state, local or foreign law enforcement or regulatory agencies, or any other authorities, although the Offices will bring the cooperation of EagleBank and its parent company and their compliance with other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by EagleBank or its parent company.

It is further understood that EagleBank, its parent company, and the Offices may disclose this Agreement to the public.

This Agreement sets forth all the terms of the agreement between EagleBank, its parent company, and the Offices. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Offices, the attorneys for EagleBank, its parent company, and the Offices, and a duly authorized representative of each.

Sincerely,

BRIAN D. MILLER
United States Attorney
Middle District of Pennsylvania

[signature]
Ravi Romel Sharma
Assistant United States Attorney

MARGARET A. MOESER
Chief, Money Laundering and
Asset Recovery Section
Criminal Division

Michael P. Grady
Michael P. Grady
Chief, Bank Integrity Unit

AGREED AND CONSENTED TO:

EagleBank

Date: 6/30/26 BY: ______________________

Paul Saltzman
EVP, Chief Legal Officer
EagleBank

Date: 6/30/26 BY: ______________________

Nicolas Bourtin
Aisling O'Shea
Sullivan & Cromwell LLP

Eagle Bancorp, Inc.

Date: 6/30/26 BY: ______________________

Paul Saltzman
EVP, Chief Legal Officer
Eagle Bancorp, Inc.

Date: 6/30/26 BY: ______________________

Nicolas Bourtin
Aisling O'Shea
Sullivan & Cromwell LLP

ATTACHMENT A

STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of the non-prosecution agreement (the "Agreement") between the United States Department of Justice, Criminal Division, Money Laundering, Narcotics and Forfeiture Section, and the United States Attorney's Office for the Middle District of Pennsylvania (the "Offices"), EagleBank ("the Bank"), and Eagle Bancorp, Inc., the parent company of EagleBank.

Certain of the facts herein are based on information obtained from third parties by the United States through its investigation and described to the Bank. The Bank hereby agrees and stipulates that the following information is true and accurate. The Bank admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below:

Background

EagleBank was founded as a community bank in or around 1998, with headquarters in Bethesda, Maryland and operations in or around the areas of Maryland, Northern Virginia, and Washington, DC. Eagle Bancorp, Inc. was the parent company of EagleBank.

BANK EXECUTIVE 1 was one of the founders of EagleBank. BANK EXECUTIVE 1 served as Chairman and CEO of the Bank and President and CEO of Eagle Bancorp, Inc. from the time of its founding until his resignation in or around March 2019.

BANK EXECUTIVE 2 served as Chief Credit Officer of the Bank during the relevant time period. BANK EXECUTIVE 2 also led the Bank's Special Assets Group, which oversaw and managed the Bank's portfolio of underperforming loans and the client relationships associated with those loans.

ACCOUNTHOLDER 1 and his father, ACCOUNTHOLDER 2, were both residents of Maryland. ACCOUNTHOLDER 1 grew up as a neighbor of BANK EXECUTIVE 1, and ACCOUNTHOLDER 2 and BANK EXECUTIVE 1 were, in addition to being neighbors, friends and business partners. Among other things, BANK EXECUTIVE 1 and ACCOUNTHOLDER 2 had shared real estate investments. ACCOUNTHOLDER 2 was also an EagleBank shareholder and pledged EagleBank stock as security against a personal loan issued to him by the Bank.

ACCOUNTHOLDER 1 and ACCOUNTHOLDER 2 were both longtime customers of EagleBank. ACCOUNTHOLDER 2 first became an accountholder at the Bank in or around 2002.

Starting in or around 2005, ACCOUNTHOLDER 1 and ACCOUNTHOLDER 2 obtained control of multiple trucking companies, including TRUCKING COMPANY 1, through an investment company they owned.

ACCOUNTHOLDER 1 and ACCOUNTHOLDER 2 both conducted banking activities at the Bank in or around 2008. They held corporate and personal bank accounts and obtained loans, including personal loans.

During the relevant time period, ACCOUNTHOLDER 1 and ACCOUNTHOLDER 2 both used multiple accounts at the Bank in the name of TRUCKING COMPANY 1, for which ACCOUNTHOLDER 1 served as Chief Executive Officer and ACCOUNTHOLDER 2 was the beneficial owner.

During the relevant time period, ACCOUNTHOLDER 1 and ACCOUNTHOLDER 2 both used an account in the name of a law firm operated by ACCOUNTHOLDER 2.

Check Kiting Between 2008 and 2010

ACCOUNTHOLDER 1 began engaging in a form of fraud known as "check kiting" through EagleBank in or around 2008. Check kiting starts when a bank accountholder writes a check from an account at Bank A, knowing that it is not supported by actual funds, and deposits that check into a separate account at Bank B, knowing that Bank B will credit the funds before realizing that the check is not supported by actual funds. From there, the accountholder continues to write additional checks, often in a rapid and circular manner, in order to continue taking advantage of the processing or "float" time between transactions. The accountholder is thus able to use the false appearance of liquidity as a way of obtaining and using a bank's actual funds. In the end, if the accountholder is not able to come up with the additional funds to cover the amount fraudulently credited to him by a bank, the bank may end up bearing the loss.

In response to a November 2008 suspected kiting incident involving ACCOUNTHOLDER 1, the Bank's Executive Vice President and Chief Lending Officer wrote, "I believe it is time to begin putting holds on all deposits starting today!" BANK EXECUTIVE 1 then directed the Bank's relationship manager to "get in touch with ACCOUNTHOLDER 1 ASAP. Something doesn't smell right." He also requested a direct call from the relationship manager. The Chief Lending Officer again stated, "I want holds on all deposits." In or around December 2008, a Bank senior commercial lender sent an email to BANK EXECUTIVE 1 and others explaining that ACCOUNTHOLDER 1 had failed to send a check that he had promised to send, resulting in an account being in overdraft status for the entire week. The lender also wrote that ACCOUNTHOLDER 1 was overdue on a loan payment. The Chief Lending Officer then asked for a meeting with BANK EXECUTIVE 1 and others "to discuss the overall cash flow issues surrounding this relationship."

On or about April 1, 2009, BANK EXECUTIVE 1, through his corporate secretary, sent a message to the Bank's relationship manager, the Bank's Chief Lending Officer, and BANK EXECUTIVE 2 that, "ACCOUNTHOLDER 2 called me last night to inform me that their trucking company filed bankruptcy. [He] stated that this would wipe out approximately $4-5 million of unsecured creditors but will have no effect on our payments in as much as our debt is directly guaranteed by the individuals and not the trucking company."

In or around 2010, the Bank filed multiple suspicious activity reports for check kiting on ACCOUNTHOLDER 1, ACCOUNTHOLDER 2, and a family trust they controlled. The account for the family trust had been opened in or around April 2010, and the suspicious activity was reported to have begun within a matter of days. According to an internal ethics report, "What brought this account to our attention was TRUCKING COMPANY 1 which EagleBank closed in December 2009 for kiting activity. The [family trust account] has been opened for several years and then in late March 2010 the account began having activity that involved check deposits from TRUCKING COMPANY 1." Accordingly, the reporting individual made the filing to report "Structuring/Kiting." This report went to the head of the Bank's risk function.

SBA Loan Issued to TRUCKING COMPANY 1

In or around 2011, TRUCKING COMPANY 1 applied for an SBA loan through EagleBank worth approximately $5 million. The loan was not initially approved by the Bank committee that reviewed and made lending decisions for SBA loans. The Bank's head of SBA lending at the time did not support making the loan, which he viewed as an unsound investment.

By February 2011, the aforementioned senior commercial lender had taken over the role of EVP and Chief Administrative Officer - Lending. In or around that month, he wrote to the Bank's head of SBA lending, copying BANK EXECUTIVE 1, lobbying for approval of the SBA loan. The Chief Administrative Officer - Lending stated that TRUCKING COMPANY 1 had been in bankruptcy for approximately the past year but was soon emerging from that.

In or around May 2011, ACCOUNTHOLDER 2 wrote to BANK EXECUTIVE 1 asking for "[a]nything you can do to move it along" in the Management Loan Committee, which was the first-level review committee. That same month, a Bank employee in the lending department wrote to BANK EXECUTIVE 1 that the loan would be presented at the Management Loan Committee in the coming days. "It will be an easy decline, and I'll make sure the committee understands your belief in the character of ACCOUNTHOLDER 2 and your strong desire to do what we can to help him." Because the loan was not approved by the Management Loan Committee, which reviewed potential SBA loans, the decision whether to approve the loan was then escalated to the Directors Loan Committee.

In or around June 2011, ACCOUNTHOLDER 1 and ACCOUNTHOLDER 2 had in-person communications with BANK EXECUTIVE 1 in which they asked BANK EXECUTIVE 1 to assist with the approval of the loan by the Directors Loan Committee. Following these communications, the loan was approved. The loan did not, however, undergo proper underwriting, as the appropriate documentation was not created on ACCOUNTHOLDER 1 or another individual, despite them both being personal guarantors of the loan. The loan was also approved despite that ACCOUNTHOLDER 2 was already behind on existing Bank loans.
BANK EXECUTIVE 1, describing ACCOUNTHOLDER 2 as a "good friend and customer," used his position to persuade other bank leadership to issue an additional stopgap loan to ACCOUNTHOLDER 1 and ACCOUNTHOLDER 2 while they awaited funding from the SBA loan.

In a December 2011 email, the Bank's head of SBA lending sent an email to BANK EXECUTIVE 1 describing the expected revenues from the SBA loan, which met with BANK EXECUTIVE 1's approval.

Check Kiting In 2011

On or about December 11, 2011, a Bank employee sent an email about multiple returned items from three different accounts at the Bank belonging to TRUCKING COMPANY 1. Two of the checks were for identical amounts. The employee wrote in bold, "Please note that the maker and payees are the same entities – kiting is indicated." The employee also noted that "each of the accounts was already overdrawn." In response, the Bank's then relationship manager for ACCOUNTHOLDER 1 noted that they were "trying to close a large SBA loan."

In response, a different bank employee copied and pasted a September 2009 email in which similar conduct was observed. The employee also added that two of the three accounts in 2011 were on the "suspect kiting report. This is not the first time they had returned checks that the maker and payee are the same (see attached). In 2009 they had the same issue and the account was closed . . . . I suggest that an extended hold should be placed all on [their] deposits."

In response, the Bank's then relationship manager for ACCOUNTHOLDER 1 again noted that "Eagle has approved a large $5.0MM SBA loan facility that will hopefully close soon. . . . I am not making excuses for TRUCKING COMPANY 1, they have not handled their account in a satisfactory manner. The SBA re-finance however will free up approximately $60,000 + in cash flow per month, which should get them back on track. Also, the principal of TRUCKING COMPANY 1, ACCOUNTHOLDER 2, is BANK EXECUTIVE 1's dear friend. Please alert BANK EXECUTIVE 1 as to your intentions so he is not blindsided in any way by ACCOUNTHOLDER 2."

In response, an Executive Vice President and Senior Operations Officer wrote that "for the past two years we have had a recurring theme with overdrafts, return deposit activity, suspected kiting activity between banks with TRUCKING

COMPANY 1 [and] ACCOUNTHOLDER 1 (personally). My question is at what point do we put a stop to this activity. As you have commented below that the accounts have not been handled in a satisfactory manner is an understatement." The Senior Operations Officer then wrote that one of the Bank employees on the email chain was supposed to bring up the subject with BANK EXECUTIVE 1.

In response, the Bank's Executive Vice President and Chief C&I Lending Officer forwarded the prior message to BANK EXECUTIVE 1 and asked, "Can we talk about this now?"

On or about December 18, 2011, ACCOUNTHOLDER 1 wrote to BANK EXECUTIVE 1, with ACCOUNTHOLDER 2 copied, "We understand the Bank's concern and will assure no such concerns in the future by eliminating any inter-Company checks. We are excited to close the SBA [loan]. . . ."

In or around August 2012, the proceeds from TRUCKING COMPANY 1's debt refinance through its SBA loan became available. BANK EXECUTIVE 2 wrote to ACCOUNTHOLDER 1, "I understand the proceeds of the refinance may be available this week. Please have ACCOUNTHOLDER 2 send me a letter, via email, directing BANK EXECUTIVE 1 to send the proceeds to the Bank to be applied to the overdraft." ACCOUNTHOLDER 2 then replied, "[P]lease accept this email as permission for BANK EXECUTIVE 1 to send the proceeds of [their shared commercial real estate property due to ACCOUNTHOLDER 2] to be applied against the TRUCKING COMPANY 1 overdrafts." The controller for BANK EXECUTIVE 1's private real estate investment firm then requested the account number from BANK EXECUTIVE 2 so that $96,000 could be distributed to the Bank. In response, BANK EXECUTIVE 2 then said that the Bank should be taking an additional $25,000 from a separate source as well. The controller then responded, "No problem – will get it in there today." At the time, the Bank did not have controls on internal transfers of this kind, thus allowing an individual employee of the Bank to move funds from one account to another without independent approval. In or around September 2012, an additional transfer of $24,000 was made from BANK EXECUTIVE 1's real estate investment firm's EagleBank account to TRUCKING COMPANY 1's account.

The SBA loan issued to TRUCKING COMPANY 1 fell behind schedule almost immediately due to the inability of ACCOUNTHOLDER 1 and ACCOUNTHOLDER 2 to make loan payments for the company.

Check Kiting in 2014

On or about March 19, 2014, a BSA/AML analyst submitted a report to the BSA Officer recommending that "a SAR be filed to report Kiting on the part of TRUCKING COMPANY 1 and with management approval the transactions account be closed. It is also recommended that conversation be held with the account officer and the portfolio manager to verify how overdrafts exceptions are made regarding this account." The report observed kiting involving checks written in round dollar amounts between January 2014 and March 2014. This report, like others around the same time, stated that the relationship with TRUCKING COMPANY 1 was established around the middle of 2011, which did not take into account TRUCKING COMPANY 1's earlier accounts or the December 2009 account closure due to kiting.

The report explained that EagleBank had an "arrangement" in place with TRUCKING COMPANY 1 whereby the Bank used demand deposit account credit tickets rather than regular deposit tickets "for the purpose of covering overdrafts on the accounts." The report also explained that a representative of another bank contacted EagleBank to share that a shared customer, TRUCKING COMPANY 1, was "believed to be kiting that [the other bank] was in the process of closing their accounts." The report further stated, "From research, it was observed that all checks written to TRUCKING COMPANY 1 from their EagleBank account to their account at [the other bank] were paid even when there was not sufficient funds in the account cover these checks," which is what allowed the kiting to continue.

This report was approved by the Bank's BSA Officer. Despite the recommendation to consider account closure, the Bank did not document any formal decision on the closure recommendation, and the account was not closed.

The Bank filed a suspicious activity report on the kiting activity on or about April 17, 2014. It also conducted a "90 day review" of the suspicious activity. The BSA/AML analyst wrote that "since the alert by [the other bank] with the threat to close their account and investigation, the pattern of kiting has stopped. We are closely monitoring the account for any suspicious activity including kiting."

Movement of the ACCOUNTHOLDER 1 Relationship to the Special Assets Group

Around this time, the Bank moved the relationship involving ACCOUNTHOLDER 1, ACCOUNTHOLDER 2, and their companies, including TRUCKING COMPANY 1, to the Bank's Special Assets Group, which as stated above, oversaw and managed the Bank's portfolio of underperforming loans and the client relationships associated with those loans.

In late 2015, several large payments from TRUCKING COMPANY 1 failed to clear due to insufficient funds. Following this issue, ACCOUNTHOLDER 1 agreed to reduce the aggregate amount of his overdrafts such that daily overdrafts were to "not exceed $235,000 and were to be reduced by $15,000 every 2 weeks with no overdrafts popping up come June 2016."

Instead of reducing the dollar amount of his overdrafts, ACCOUNTHOLDER 1 engaged in more sophisticated forms of kiting going forward. Around this time, ACCOUNTHOLDER 1 further enhanced his methods of kiting by introducing wire transfers. Instead of simply paying checks back and forth between accounts, ACCOUNTHOLDER 1 regularly made a wire transfer from one account to a second account that he controlled, then wrote a check from the second account to a third account, and then wrote a check from the third account back to the first account.

ACCOUNTHOLDER 1 also understood that as long as EagleBank saw an incoming wire transfer from another account, it would treat incoming wired funds as "good" funds.

During this period of time, ACCOUNTHOLDER 1 had the general practice of either personally or through an intermediary, including ACCOUNTHOLDER 2, delivering to the Bank's headquarters a large number of checks for multiple days, with different specified dates and amounts, with the understanding that the Bank would process the checks according to the dates written on the checks rather than at one time. Bank representatives never asked ACCOUNTHOLDER 1 to explain this practice. The Bank also continued to cover ACCOUNTHOLDER 1's overdrafts even when there was a negative balance on his accounts.

For instance, on or about December 31, 2015, ACCOUNTHOLDER 1 exchanged emails with a Vice President of the Special Assets Group who was responsible for handling the relationship on a day-to-day basis. Initially, ACCOUNTHOLDER 1 promised an additional $15,000 on that date to cover overdrafts on the account. Later that day, ACCOUNTHOLDER 1 wrote that both he and ACCOUNTHOLDER 2 were "out of town," which was "causing some logistical issues," and that their expected incoming wire in the same amount was "delayed." ACCOUNTHOLDER 1 asked, "Is there ANY way you can cover us? You have my word that (a) it will be covered later today or at very worst wire will hit second Eagle opens after holiday and (b) I will not ask you to do this again. Please let me know. Thanks as always!" The EagleBank VP responded, "You are the only customer I would do this for. Done[.]"

From in or around 2014 until in or around 2016, the Bank frequently backdated loan payments for TRUCKING COMPANY 1's SBA loan, in the absence of which loan payments often would have been recorded as more than 30 days past due.

In or around April 2016, an internal Bank memorandum about "Credit Monitoring" observed that "Back-Dated Loan Payments Resulted in Loans Not Being Reported as Past-Due or Non-Accrual in the Call Report and 10-K." The reason provided was "[c]hecks that were deposited after year-end but credited to the customer's loan prior to year-end" and "[d]ebits to a customer's account after year-end (1/5/16) with a corresponding credit to the customer's loan prior to year-end (insufficient funds were available at 12/31/15)." The memo stated, "All of the back-dated payments noted above were processed at the request of the Credit Administration Department." The memorandum advised against backdating payments, which was "especially important at the end of each quarter," except in cases where there was a "valid reason."

The VP of Special Assets responsible for day-to-day management of the relationship with ACCOUNTHOLDER 1 left EagleBank in or around April 2016. A different Bank employee with the same title then took over responsibility for day-to-day management of the relationship.

On or about May 31, 2016, the VP of Special Assets exchanged emails with ACCOUNTHOLDER 1 about loan payments due that day. ACCOUNTHOLDER 1 asked if, due to work travel, he could make his various loan payments by the following day, which was after the end of the month. The VP of Special Assets wrote, "Really don't want to have to backdate all of the loan payments but we can do it this time …. just make sure all the checks are dated today's date." ACCOUNTHOLDER 1 wrote, "They are promise. Sorry . . . are you sure ok? Any other issues with back-office?" The VP of Special Assets then wrote, "Yeah, it's cool. Our internal audit folks are being nit-picky about the amount of backdated payments each month. We know and account for the TRUCKING COMPANY 1 each month but the [personal] ones usually aren't part of the list. This is the only time (and there's a legitimate reason), so we'll be good. If they ask about the [personal] ones, I'll just say the payments didn't arrive before our cutoff date due to you traveling." ACCOUNTHOLDER 1 wrote, "So internal audit is nit-picky about the loan payments?? Any other comments/issues regarding the daily overdrafts?" The VP of Special Assets responded, "They've been nit-picky about any loan payments being backdated ……. not just yours. Nothing else about the overdrafts." On or about June 13, 2016, the VP of Special Assets and ACCOUNTHOLDER 1 again discussed how "we already know" the end-of-quarter payment for TRUCKING COMPANY 1 would again be backdated.

On or about August 30, 2016, the VP of Special Assets exchanged emails with ACCOUNTHOLDER 1 about loan payments for that week. ACCOUNTHOLDER 1 asked if one of the loan payments could be made on August 31 and the SBA loan payment on September 2. The VP of Special Assets wrote, "I hadn't even opened the loan payment envelope yet……. I was planning on depositing it on 9/1. Is there any possibility the check can be deposited on the normal date? With the fed & state examiners coming at the end of October, I've been meaning to ask if there's any way possible to get the loan completely current (meaning under 30 days past due at the end of a 31 day month) so we can stop backdating payments? I know the loan payments on the TRUCKING COMPANY 1 loan have been working this way for quite some time now, but there's a constant question of 'why do we keep backdating TRUCKING COMPANY 1 each month' being asked." ACCOUNTHOLDER 1 and the VP of Special Assets then came to an agreement that two loan payments, one for a personal loan and one for the SBA loan, would be made the following day but another payment already made would be held for an additional week before being deposited.

Check Kiting Between 2015 and 2017

A significant number of EagleBank "Suspicious Activity Case Reports" on ACCOUNTHOLDER 1, TRUCKING COMPANY 1, and accounts held by affiliated persons and companies were generated starting in or around late 2015 and continuing until in or around the middle of 2017.

These reports noted that TRUCKING COMPANY 1 itself held "five deposit accounts and a loan account with EagleBank," with the majority of the activity occurring through one account over which ACCOUNTHOLDER 1 was "listed as the sole signer." Other records, however, stated that ACCOUNTHOLDER 2 was also a signer on the account involving the primary activity.

Starting in late 2015 and continuing until the middle of 2017, these reports observed rapidly increasing account activity and total dollar withdrawal activity that "deviated" from the account's regular levels of activity.

In November 2015, nearly $10 million in check debit activity occurred across two accounts belonging to TRUCKING COMPANY 1. In January 2016, the amount increased to over $12.5 million. In April 2016, the "deviation from the monthly average incoming volume of the customer" had increased to over $24 million, and the "deviation from the monthly average outgoing volume of the customer" had increased to nearly $24 million. On or about June 27, 2016, the two accounts had balances of approximately -$202,882.11 and -$480,893.15, respectively, indicating that the Bank continued to cover outgoing payments even when there were insufficient funds.

In July 2016, the incoming and outgoing deviations increased to over $37 million. That month, the account associated with the law firm operated by ACCOUNTHOLDER 2 was frozen due to a kiting alert being placed on the account. This freeze was lifted after the VP of Special Assets said that "wires have been received and funds have been transferred to cover both large dollar returns" for TRUCKING COMPANY 1 and the law firm account.

In August 2016, the incoming and outgoing deviations increased to nearly $56 million and over $58 million, respectively.

In October 2016, the report noted a "large deviation in deposit and withdrawal activity totaling $125,738,309.77. . . The customer conducts so many transactions, it cannot be definitively determined what caused the deviation. As the customer conducts business as a trucking company, it appears reasonable that the volume of business-generated revenue, associated account transfers, and operational expenses may fluctuate on a monthly basis."

The report went on to observe, "The notable outgoing activity included 31 withdrawals for amounts in excess of $1,000,000," which were, in fact, withdrawals to the account associated with the law firm operated by ACCOUNTHOLDER 2. The report noted that this was "a related entity owned by the signers. Similar activity occurred in previous months, so the activity appears reasonably consistent with the customer's transactional history."

Additional reports of this kind were generated in February and March 2017 as well.

These reports also noted that TRUCKING COMPANY 1's main account had hundreds of transactions per month, consisting of "credits from related accounts and domestic wire credits" from a related company, plus outgoing activity to that same company. The reports stated that TRUCKING COMPANY 1 and the second company were "separate operating companies, but operate under the same umbrella," and that funds flowed back and forth between the two companies "[d]ue to the company structure. . . . Such activity is expected based on the corporate structure between the two entities as identified by bank personnel."

These reports consistently concluded that "[t]he activity appears commensurate with normal expectations for the customer and account type" and that "[n]o further review is recommended at this time." They likewise concluded that there was "[n]o unusual activity," and, on at least one occasion, "[n]o suspicious activity at this time."

On or about May 24, 2017, a fraud risk management analyst from another bank ("BANK 1") reached out to EagleBank to inquire about a check between their two banks and between related companies of ACCOUNTHOLDER 1. BANK 1 wanted to know "if the debits going out of your account appear to be of a 'normal business' transaction." EagleBank's Security Officer, who was responsible for fraud referrals, reached out to the Special Assets Group to share the information. The VP of Special Assets asked to be put in contact with the analyst from the other bank.

Following this email exchange, the VP of Special Assets wrote to ACCOUNTHOLDER 1, "You're going to be getting a call from BANK 1. As soon as you finish speaking with them, please call me."

On or about May 24, 2017, BANK EXECUTIVE 2 wrote to BANK EXECUTIVE 1 and the Bank's Chief Operating Officer, "Just wanted to let you know that this afternoon BANK 1 froze all of the ACCOUNTHOLDER 1 accounts (kiting)." According to BANK EXECUTIVE 2, the other bank called EagleBank's Security Officer to inform it of the freeze. "Thanks to some very quick thinking" by the VP of Special Assets and a second Bank employee, BANK EXECUTIVE 2 wrote that "they were able to return (including late returns) enough checks to bring the account balance out of the negative (around -$1.4Million) when combined with the wires we received today. The teamwork was perfection, and it helped us avoid a BIG loss. I am confident someone is going to be stuck holding the bag on this, and thanks to our folks, it isn't going to be us. Of course we still have the loans to deal with, but the last thing we need is a big OD charge off on top of them."

On or about May 25, 2017, BANK EXECUTIVE 1 wrote to the two employees, "BANK EXECUTIVE 2 filled me in on the INCREDIBLY quick thinking on both of your part to save us significant $$$ on a potential overdraft regarding ACCOUNTHOLDER 1. THANK YOU THANK YOU. WHAT A GREAT FEELING TO SEE THE TEAM WORK AS PERFECTLY AS YOU BOTH DID!!!!"

On or about May 26, 2017, BANK EXECUTIVE 2 wrote to BANK EXECUTIVE 1 and the Chief Operating Officer, "FYI, BANK 1 reached out to operations today to try and recall about $1.4Million in wires to the ACCOUNTHOLDER 1/TRUCKING COMPANY 1 account made earlier this week. Unfortunately (for them), we are not able to allow them to be recalled as the money is gone. Sounds like they may have been the bank left holding the hot potato. Have a great weekend."

On or about May 30, 2017, the VP of Special Assets reported that BANK 1 was planning to send EagleBank a "hold harmless letter" so that "whatever is available" in TRUCKING COMPANY 1's accounts could "be placed on hold. They are estimating a substantial loss at this point …. while it's still early for them." When a n EagleBank employee noted that EagleBank does sometimes send the same "hold harmless letters" to other banks when "we need for them to hold funds for us," BANK EXECUTIVE 2 responded, "I totally get that, but in this case we have significant loans to the company, and we do not want to put them out of business. Ultimately, we would be left holding the bag on the loans, with potential liability for causing the shut down of the business by pulling out all of their working capital. I am not opposed to helping BANK 1, just difficult under our circumstances." The employee responded, "Agree!!!" The Chief Operating Officer and the Chief Risk Officer were also on this email.

On or about May 31, 2017, BANK EXECUTIVE 1 was informed of a drop of nearly $40 million in account holdings in EagleBank's Daily Statement of Conditions, including a $4 million decrease in the law firm account belonging to ACCOUNTHOLDER 1 and ACCOUNTHOLDER 2. BANK EXECUTIVE 2 wrote to BANK EXECUTIVE 1 that they "should be so lucky as to have $4MM."

Following this kiting incident, ACCOUNTHOLDER 1 had a discussion with BANK EXECUTIVE 2 in which BANK EXECUTIVE 2 said that EagleBank would require ACCOUNTHOLDER 1 to make approximately $100,000 in "recovery payments," which were payments to cover a loss that ACCOUNTHOLDER 1 had caused several years earlier through his kiting activity but which the Bank had not pursued since the loss was originally caused. ACCOUNTHOLDER 1 understood these recovery payments to be a required condition for the bank not closing down all of his accounts and terminating the client relationship. ACCOUNTHOLDER 1 therefore agreed to these terms so that he could continue banking at EagleBank. On or about June 14, 2017, the VP of Special Assets wrote to ACCOUNTHOLDER 1, "BANK EXECUTIVE 2 just reminded me that we still need the additional $17,000 as a recovery on the charged off account we dealt with back on May 31st. Can I go ahead and pull it from TRUCKING COMPANY 1's account today?" ACCOUNTHOLDER 1 responded, "Any chance you can give me until Monday? Won't ask for another delay."

That month, the VP of Special Assets wrote, "We are monitoring these accounts on a daily basis and over the last 30 days have only accepted wired funds into the account in order to pay overdrafts (if one exists). We were made aware of the suspect of kiting from another financial institution and that is why we have put these requirements of wired funds in place."

In or around July 2017, it was reported that at a meeting of the Enterprise Risk Management Committee on or about June 21, 2017, BANK EXECUTIVE 2 "provided details on kiting exposure from one of our customers," and the minutes named ACCOUNTHOLDER 1's trucking company that was used to carry out the kiting scheme. The minutes further stated, "The kiting scheme involved EagleBank" and two other banks. According to the minutes, BANK EXECUTIVE 2 "mentioned that due to everyone's diligence and prompt response we were able to avoid any loss."

ACCOUNTHOLDER 1's kiting in 2016 and 2017 caused nearly $6.3 million in losses to BANK 1, which brought suit against ACCOUNTHOLDER 1 in or around the middle of 2017 in the U.S. District Court for the Middle District of Pennsylvania. In its complaint, BANK 1 wrote, "over the course of five days from May 22, 2017 to May 26, 2017," TRUCKING COMPANY 1 and the law firm account at EagleBank "deposited in excess of $29,000,000 into the BANK 1 Account from their respective deposit accounts at Eagle Bank." The total amount of credits on the BANK 1 account in May 2017 exceeded $118,000,000, and the total amount of debits on that account exceeded $95,000,000.

In or around 2017, the Bank filed multiple suspicious activity reports on ACCOUNTHOLDER 1 and affiliated companies due to the 2017 kiting activity. Consistent with the Bank's standard practice, the Bank was supposed to consider account closure due to the filing of three or more suspicious activity reports.

According to a memorandum dated September 21, 2017, authored by the Bank's BSA Officer, "We are recommending [for closure] the account related to TRUCKING COMPANY 1 for questionable wires, potential check kiting, check fraud from check returned as well as transactions with no apparent economic, business or lawful purpose between the dates of 07/28/2016 and 05/30/2017" for two TRUCKING COMPANY 1 accounts. The memorandum listed each of the "questionable" transactions starting in or around February 2016 and continuing until in or around May 2017. The memo was approximately 21 pages in length, with hundreds of checks written in amounts of up to nearly $1,000,000. Nearly every check ended in an even thousand-dollar denomination. By 2017, certain check denominations regularly repeated, including $250,000 and amounts ranging from $465,000 to $480,000. The memo concluded, "Based on the information noted above regarding the deposit activity, the activity was deemed unusual and suspicious."

According to a memorandum dated October 27, 2017, the Bank withdrew the recommendation for closure of TRUCKING COMPANY 1's accounts. The short memo was authored by the Bank's BSA Officer and submitted to its Chief Risk Officer. According to the memo, the rationale for not closing the accounts was that the company was "restricted from receiving check deposits. Credits must be via wires. Also, the incoming wire activity was funded from the account" of TRUCKING COMPANY 1's "parent company."

On or about October 31, 2017, ACCOUNTHOLDER 1 asked the VP of Special Assets if he could cover two returned items from the day before, totaling approximately $35,000, "no LATER than Monday 11/6." The VP of Special Assets wrote, “Continuing to carry any of the loans each month is going to look very bad and will cause people to start asking more questions. I’ve already been asked for that we get the updated financials (business & personal) that were requested back in August ASAP with the Fed/State coming at the end of November.”

ACCOUNTHOLDER 1’s Relationship with EagleBank Between 2018 and 2019

ACCOUNTHOLDER 1 continued to kite at EagleBank for several years following the 2017 kiting activity. In addition, his accounts continued to have persistent overdraft issues, including overdrafts that were not resolved over the course of a business day (i.e., “daylight overdrafts”).

On or about February 1, 2018, the Bank’s AML/BSA Officer wrote to the Head of Risk, “Just an FYI [ACCOUNTHOLDER 1’s trucking company] has been overdrawn since 1/16/2018 and is currently overdrawn -$362,361.30.” On or about February 5, 2018, the VP of Special Assets reported that a wire of nearly $1,000,000 had been received and that three accounts belonging to TRUCKING COMPANY 1 and ACCOUNTHOLDER 1 were in a “positive balance.” The Chief Operating Officer responded, “TERRIFIC.”

The Bank’s Special Assets Group continued to manage the client relationship for ACCOUNTHOLDER 1 going forward and continued to show ACCOUNTHOLDER 1 favored treatment in various ways. For instance, on or about December 14, 2018, ACCOUNTHOLDER 1 asked if the Bank would place a hold on deposits that he was planning to make. The VP of Special Assets responsible for managing the relationship wrote, “My thought is they wouldn’t since they are essentially cash but now that I think about it, since it’s just like cash and over $10K it’ll require reporting due to the amount. Go ahead and just bring them here.”

On or about March 14, 2018, the VP of Special Assets told ACCOUNTHOLDER 1 that she would have to issue default letters on all of his loans “due to the severe delinquent status…… especially on the SBA side.” About one week later, the VP of Special Assets wrote, “If I don’t get payments today I’m going to have to issue default letters on all the loans. I was supposed to send letters last week but I was promised payments today so I held off.” In other words, the Bank continued to extend additional time to ACCOUNTHOLDER 1 even when payments were promised and not made.

In or around January 2019, a new BSA/AML analyst exchanged emails with a representative of one of the other two banks where ACCOUNTHOLDER 1 was caught kiting in the middle of 2017. The analyst observed that EagleBank did not have a “fraud department.” The other bank’s representative responded, “Hey, I just shared your info with an FBI guy. Your client was kiting in 2017.” The EagleBank analyst responded, “I should hope we had a case on it if he was kiting.”

Check Kiting Between 2020 and 2021

In or around June 2020, EagleBank caught ACCOUNTHOLDER 1 engaging in kiting once again. This time, ACCOUNTHOLDER 1 used several accounts, including, once again, the law firm account that he had previously used for kiting, as well as an account for an unrelated company on which he was listed as an authorized signer.

BANK EXECUTIVE 2 wrote, "Just really frustrating to let ACCOUNTHOLDER 1 have another opportunity to play us." The Executive Vice President and Chief Lending Officer C&I then wrote back, "Fully agree! A proverbial bad penny." A BSA/AML analyst then forwarded the exchange only to the BSA Officer and asked, "So do they plan on closing these accounts?" Instead, EagleBank decided to keep the accounts open because of ACCOUNTHOLDER 1's outstanding loans with the Bank.

Shortly after EagleBank identified the kiting activity, the Bank Security Officer reported the incident to the United States Secret Service. Separately, the Bank filed a suspicious activity report on or about July 29, 2020 reporting ACCOUNTHOLDER 1, ACCOUNTHOLDER 2, the account belonging to the ACCOUNTHOLDER 2's law firm, and two other accounts for companies for which ACCOUNTHOLDER 1 was listed as an authorized signer and owner, respectively, for the suspicious activity.

ACCOUNTHOLDER 1 continued to kite through the Bank throughout the summer of 2020, even after this conduct was discovered. This kiting continued to involve the account belonging to the law firm operated by ACCOUNTHOLDER 2, which was kept open, and on which ACCOUNTHOLDER 1 remained a signatory.

ACCOUNTHOLDER 1 pleaded guilty to bank fraud in the U.S. District Court for the Middle District of Pennsylvania in or around November 2020. At that time, ACCOUNTHOLDER 1 admitted to carrying out a check kiting scheme that caused losses to another bank in the amount of $6,290,153.90.

EagleBank performed 90-day reviews of the accounts referenced in the mid-2020 SAR to determine whether the suspicious activity continued. EagleBank filed follow-up SARs in November 2020 and March 2021 after determining that the suspicious activity continued. In connection with the second 90-day review, a BSA/AML analyst sent a report to the Bank's BSA Officer stating, "The follow-up review was conducted on the customer's activity for the period 11/17/2020 – 02/12/2021 which revealed that the previously reported activity has continued. As a result of this review, it was determined a repeat SAR is required. It should be noted that the Relationship Manager has requested the accounts to remain open until the loans are paid off."

The Bank finally terminated ACCOUNTHOLDER 1's deposit accounts in or around April 2021, according to a manager of the Special Assets Group. She also noted that, as of August 2021, ACCOUNTHOLDER 1 was "out of Eagle except for the loan in which he is a joint obligor." She also observed, "Apparently ACCOUNTHOLDER 1 is going to prison." BANK EXECUTIVE 2 wrote in response to several Bank executives, including the CEO, "I'm sure you all remember" the family of ACCOUNTHOLDER 1 and referenced TRUCKING COMPANY 1's SBA loan. ACCOUNTHOLDER 1 "is the son. This is so seriously ugly. If it hadn't been for the quick thinking and teamwork" of two Bank employees "a couple of years ago, it would have been EagleBank, not [the other bank], who was out $6.3Million. Seemingly nice people sometimes do previously unthinkable things when their backs are against the wall. I hope his father is not letting him take this fall alone."

Conclusion

During the period of 2010 to 2021, there were, in addition to ACCOUNTHOLDER 1, other Bank customers identified as "high risk" and subject to multiple suspicious activity report filings for whom the Bank either did not consider closure or did not document decisions on potential closure, or for whom closure recommendations were not followed due to Bank business personnel advocating against closure. During this period, the Bank lacked a system for ensuring that customers like ACCOUNTHOLDER 1 who were recommended for account closure were, in fact, considered for account closure. Furthermore, the Bank's BSA/AML and OFAC Policy left it to the discretion of compliance personnel whether to recommend closure for customers who were subject to multiple suspicious activity reports and left it to the discretion of the Bank whether to accept such a recommendation, if made. The Policy did not address what criteria were to be applied, who was ultimately responsible for whatever decision was made, what documentation was required, and what timeline was to be used for decision-making. Relatedly, the Policy did not specify controls for high-risk customers like ACCOUNTHOLDER 1.

The Bank admits that the foregoing conduct constitutes a violation of Title 31, U.S.C. § 5318(h) ("Bank Secrecy Act"), which requires financial institutions to establish anti-money laundering and countering the financing of terrorism programs to guard against money laundering and the financing of terrorism through financial institutions, including, at minimum, the development of internal policies, procedures, and controls. The Bank admits that the foregoing conduct constituted a violation of the Bank Secrecy Act from in or around 2010 until in or around 2021 and that venue for this offense would be proper in the U.S. District Court for the Middle District of Pennsylvania.

ATTACHMENT B

CERTIFICATE OF CORPORATE RESOLUTIONS

WHEREAS, EagleBank ("EagleBank" or "the Bank") and EagleBank's parent company, Eagle Bancorp, Inc. ("the parent company"), have been engaged in discussions with the United States Department of Justice, Criminal Division, Money Laundering, Narcotics and Forfeiture Section and the United States Attorney's Office for the Middle District of Pennsylvania (collectively the "Offices") regarding issues arising in relation to EagleBank's failure to implement an anti-money laundering program meeting the requirements of the Bank Secrecy Act; and

WHEREAS, in order to resolve such discussions, it is proposed that the Bank and its parent company enter into a certain agreement with the Offices; and

WHEREAS, the Bank's Chief Legal Officer, Paul Saltzman, who also serves as Chief Legal Officer of the Bank's parent company, together with outside counsel, have advised the Boards of Directors of the Bank and its parent company of their rights, possible defenses, the Sentencing Guidelines' provisions, and the consequences of entering into such agreement with the Offices;

Therefore, EagleBank's Board of Directors and Eagle Bancorp, Inc.'s Board of Directors have RESOLVED that:

1. Sullivan & Cromwell LLP are counsel for the Bank and its parent company in this matter;

2. Each member of the Board of Directors of the Bank and the Board of Directors of the parent company has read this Agreement, including Attachment A (Statement of Facts), understands and agrees to the terms of this Agreement, and

acknowledges the accuracy of the Statement of Facts to the best of each Member's knowledge and belief.

3. The Chief Legal Officer is hereby authorized, empowered and directed, on behalf of both the Bank and its parent company, to execute this Agreement on behalf of the Bank and its parent company;

4. The Bank and its parent company are fully satisfied with the performance of its attorneys in relation to the investigation of this matter and negotiation of this Agreement;

5. The Bank and its parent company's agreement to enter into this Agreement is voluntary and is not the subject of force, threats, or promises (other than the promises made in this agreement); and

6. The Board Members signing below acknowledge the respective Board's unanimous approval of the Agreement and collectively have the authorization to bind EagleBank and its parent company.

Date: June 29, 2026

By: ____________________
Theodore A. Wilm
Director
EagleBank

Date: June 29, 2026

By: ____________________
Theodore A. Wilm
Director
Eagle Bancorp, Inc.

ATTACHMENT C

DISCLOSURE CERTIFICATION

To: United States Department of Justice
Criminal Division, Money Laundering, Narcotics and Forfeiture Section
Attention: Chief, Bank Integrity Unit

United States Attorney's Office
Middle District of Pennsylvania
Attention: Chief, Criminal Division

Re: Non-Prosecution Agreement Disclosure Certification

The undersigned certify, pursuant to the Non-Prosecution Agreement ("Agreement") dated June 30, 2026 by and between the United States Department of Justice, Criminal Division, Money Laundering, Narcotics and Forfeiture Section and the United States Attorney's Office for the Middle District of Pennsylvania (collectively the "Offices") and EagleBank ("EagleBank" or "the Bank") and EagleBank's parent company, Eagle Bancorp, Inc. ("the parent company"), that undersigned are aware of the Bank and its parent company's disclosure obligations under the Agreement and that, to the best of the undersigned representatives' knowledge and belief (including belief based on representations from others), the Bank and its parent company have complied with their disclosure obligations, as described in the Agreement, which include disclosure of evidence or allegations that may constitute a violation of U.S. federal criminal law ("Disclosable Information"). This obligation to disclose information extends to any and all Disclosable Information that has been identified through the Bank's anti-money laundering and counter-terrorist financing program, whistleblower channel, internal audit reports, due diligence procedures, investigation process, or other programs or processes. The undersigned further acknowledge and agree that the reporting requirement contained in the Agreement and the representations contained in this Certification constitute a significant and important component of the Agreement and the Offices' determination of whether the Bank and its parent company have satisfied their obligations under the Agreement.

The undersigned hereby certify that they are, respectively, the Chief Executive Officer of the Bank, Chief Financial Officer of the Bank, the Chief Executive Officer of Eagle Bancorp, Inc., and the Chief Financial Officer of Eagle Bancorp, Inc., or otherwise an executive officer substantively responsible for either the Bank or its parent company's operations, and that each has been duly authorized by the Bank or its parent company, as applicable, to sign this Certification on behalf of either the Bank or its parent company.

This Certification shall constitute a material statement and representation by the undersigned and by, on behalf of, and for the benefit of, the Bank and its parent company to the executive branch of the United States for purposes of 18 U.S.C. § 1001, and such material statement and representation shall be deemed to have been made in the Middle District of Pennsylvania. This Certification shall also constitute a record, document, or tangible object in connection with a matter within the jurisdiction of a department and agency of the United States for purposes of 18 U.S.C.

§ 1519, and such record, document, or tangible object shall be deemed to have been made in the Middle District of Pennsylvania.

By: ______________________________ Dated: ________________________
[NAME]
Chief Executive Officer
EagleBank

____
Signature

By: ______________________________ Dated: ________________________
[NAME]
Chief Financial Officer
EagleBank

____
Signature

By: ______________________________ Dated: ________________________
[NAME]
Chief Executive Officer
Eagle Bancorp, Inc.

____
Signature

By: ______________________________ Dated: ________________________
[NAME]
Chief Financial Officer
Eagle Bancorp, Inc.

____
Signature

ATTACHMENT D

CORPORATE COMPLIANCE REPORTING

EagleBank and its parent company agree that EagleBank will report to the Offices one month prior to the end of the one-year Term regarding remediation and implementation of compliance measures to improve and strengthen EagleBank's Bank Secrecy Act ("BSA") and money laundering compliance, including internal controls, policies, and procedures. Such report should include the status of BSA compliance examinations at EagleBank by federal financial regulators and the status of any remediation required by the regulators, provided that the regulators have granted EagleBank permission to share this information with the Offices. The report will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the report could discourage cooperation, impede pending or potential government investigations and thus undermine the objectives of the reporting requirement. For these reasons, among others, the report and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent that the Offices determine in their sole discretion that disclosure would be in furtherance of the Offices' discharge of their duties and responsibilities or is otherwise required by law.

Should EagleBank or its parent company, Eagle Bancorp, Inc., discover credible evidence, not already reported to the Offices, concerning violations of the BSA and money laundering statutes, EagleBank or its parent company, as applicable, shall promptly report such matters to the Offices.

ATTACHMENT E

COMPLIANCE CERTIFICATION

To: United States Department of Justice
Criminal Division, Money Laundering, Narcotics and Forfeiture Section
Attention: Chief, Bank Integrity Unit

United States Attorney's Office
Middle District of Pennsylvania
Attention: Chief, Criminal Division

Re: Non-Prosecution Agreement Compliance Certification

The undersigned certify, pursuant to the Non-Prosecution Agreement ("Agreement") dated June 30, 2026, by and between the United States Department of Justice, Criminal Division, Money Laundering, Narcotics and Forfeiture Section and the United States Attorney's Office for the Middle District of Pennsylvania (collectively the "Offices") and EagleBank ("EagleBank" or "the Bank") and EagleBank's parent company, Eagle Bancorp, Inc. ("the parent company"), that the undersigned are aware of the Bank's compliance obligations under the Agreement and that, based on the undersigned's review and understanding of the Bank's compliance programs, including its anti-money laundering and counter-terrorist financing ("AML/CFT") program, the Bank has implemented compliance programs that meet the requirements set forth in the Agreement. The undersigned certify that the Bank's compliance programs are reasonably and effectively designed to detect and prevent violations of the Bank Secrecy Act and U.S. money laundering statutes, throughout the Bank's operations.

The undersigned hereby certify, if applicable, that, based on a review of the Bank's report submitted to the Offices, the report was true, accurate, and complete as of the day it was submitted.

The undersigned hereby certify that they are the Bank's Chief Executive Officer and BSA Officer and they have been duly authorized by the Bank and its parent company to sign this Certification on behalf of the Bank and its parent company. This Certification shall constitute a material statement and representation by the undersigned and by, on behalf of, and for the benefit of, the Bank and its parent company to the executive branch of the United States for purposes of 18 U.S.C. § 1001, and such material statement and representation shall be deemed to have been made in the Middle District of Pennsylvania. This Certification shall also constitute a record, document, or tangible object in connection with a matter within the jurisdiction of a department and agency of the United States for purposes of 18 U.S.C. § 1519, and such record, document, or tangible object shall be deemed to have been made in the Middle District of Pennsylvania.

By: ______________________________ Dated: ______________________

[NAME]
Chief Executive Officer
EagleBank

____
Signature

By: ______________________________ Dated: ______________________

[NAME]
Bank Secrecy Act Officer
EagleBank

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Signature