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**Diligence Capital Management Urges Swift  
Governance and Strategic Changes to Eagle Bancorp's Board of Directors**

SALT LAKE CITY, March 20, 2026 / EINPresswire.com/ Today Diligence Capital Management (“Diligence”) submitted an open letter to the Board of Directors of Eagle Bancorp, Inc. (Nasdaq: EGBN; the “Bank” or the “Company”); Diligence Capital Management, through investment funds owned or controlled by it, owns a substantial amount of Eagle Bancorp’s common stock. Beginning in early October 2025, Diligence has engaged with various members of Eagle’s board and management team in an effort to take meaningful and decisive steps to restore the Company to a strong financial institution in a timely fashion.

On three separate occasions, Diligence requested that Eagle Bancorp enter into a collaboration agreement; each time, Eagle Bancorp declined to engage in discussions of a framework for collaboration. Diligence sought to work constructively toward governance enhancements, strengthened risk oversight, improved disclosures, and performance accountability. Specifically, Diligence analyzed the professional qualifications of Eagle’s board and believes the current composition lacks experience in bank turnaround situations, particularly navigating credit stress and elevated regulatory pressure.

Diligence initially proposed that the board be expanded by three members to include individuals with extensive experience as senior executives in multiple successful bank restructurings – specifically reducing commercial real estate concentration risks, remediating significant credit stress, and working closely with regulators to strengthen a bank under stress. Additionally, Diligence included several proposals that it believes would expeditiously strengthen the Bank and would restore confidence in Eagle Bancorp by its shareholders, regulators, and customers.

James R. Abbott, Chief Investment Officer of Diligence, stated, “We are enthusiastic about the prospects of helping to restore Eagle Bancorp to a strong financial institution; we continue to offer

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three board candidates that each bring expertise in turning around banks that are experiencing significant commercial real estate challenges.” Abbott continued, “In mid-October, we met with certain members of Eagle Bancorp’s board including then-Chair and CEO Susan Riel. At that time, we proposed to the board that Eagle split its Chair and CEO roles – which is considered best corporate governance practices by many shareholders, and that CEO Riel step down from the CEO seat and replace that position with someone who had extensive experience in rehabilitating banking organizations. In early November 2025, the Board began to pursue such a path by separating the Chair and CEO roles and announcing that Ms. Riel would be retiring in 2026 and that the Company has initiated a professional search for a new CEO. We were encouraged with the quick progress.” Abbott concluded, “However, we are disappointed at a lack of timely adoption of our other proposals such as adding bank turnaround expertise to the Board, expeditiously selecting a new CEO who has bank turnaround experience, and establishing a multi-year performance improvement plan that is clearly articulated to investors and to which a very substantial percentage of compensation for senior executives is tied.”

In December 2025 Diligence submitted its formal notification to Eagle for an alternative slate of board members to include the aforementioned three new members that have experience in bank turnaround situations.

As part of its submission, Diligence recommended a replacement of the newly-elected Chairman, Mr. James A. Soltesz; he has been a board member for more than 18 years and from 2021-2025 had been the lead independent director. During this period, the Federal Reserve banned for life two of the most senior executives of the Company – the former CEO and former General Counsel. In addition, Eagle built and maintained a significant concentration in commercial real estate – particularly office loans – which contributed to the material credit stress the Bank is currently experiencing. Cumulatively, the Company experienced a pre-tax loss of \$226 million between 2024 and 2025. Eagle also experienced a substantial underperformance in its stock price – according to the Company’s Form 10-K, a \$100 investment in Eagle Bancorp on December 31, 2020 would have resulted in a loss of 37% while a similar investment in the KBW Regional Bank Index would have resulted in a 53% increase. As previously noted, Diligence believes that at this stage it is critical for the board to include leadership with direct experience in bank restructurings, credit rehabilitation, and remediation of bank regulatory issues.

Diligence strongly prefers to engage with companies privately and in a collaborative manner. However, after repeated efforts to establish a formal collaboration framework were declined, Diligence believes

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that more public discourse is warranted in the interest of transparency to all shareholders, to expedite a process that appears to have slowed since November, and to drive strong, long-term shareholder value.

Diligence is confident that the actions outlined in its Notification to the Company on December 26, 2025 (included below) will serve to restore the Bank's profitability to a level exceeding its cost of capital in a timely fashion, thereby creating long term shareholder value.

### **About Diligence Capital Management**

Formed in 2024, Diligence Capital Management ("Diligence") is a financial sector-focused fund sponsor with a business owner mindset. Diligence seeks to drive long-term investment outperformance by conducting deep fundamental research using the expertise gained by working as senior analysts at various capital markets firms as well as senior executives at and board advisors to publicly-traded financial services companies. Additionally, Diligence seeks to add investment outperformance through shareholder engagement and activism.

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## **OPEN LETTER FROM DILIGENCE CAPITAL MANAGEMENT TO THE EAGLE BANCORP BOARD OF DIRECTORS**

March 20, 2026

Board of Directors  
Eagle Bancorp, Inc.  
7500 Old Georgetown Rd  
Bethesda, MD 20814

Dear Eagle Bancorp Board,

Beginning in early October 2025, we contacted you on multiple occasions with the goal of helping you and the management team of Eagle Bancorp substantially and expeditiously rehabilitate and improve the quality of the organization. We acknowledge that you have been responsive and that some progress was made.

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However, on three separate occasions we requested that Eagle Bancorp engage in a formal collaboration agreement with us; regrettably, you rejected these requests. We are disappointed that you have not been willing to take such steps that would result in a substantial and timely improvement to the financial performance, the risk management, and ultimately the market value of the Company. We strongly believe that these requests would be materially beneficial to all shareholders, regulators, and customers.

In October 2025, we submitted a proposal that would have expanded the board by a total of three. Individually and collectively, those individuals would enhance the composition of the board as each has extensive and differentiated experience in restoring and rehabilitating bank(s), and specifically those that were experiencing substantial credit stress. Later, on December 26, 2025, we submitted a Notification that included our formal proposal for a slate of directors for the board that included those same three individuals.

Also included in our Notification were four shareholder proposals as listed below; the votes by shareholders on these items would of course be non-binding, but would provide you with keen insight as to what the owners of your Company would like to see from its management team. Each proposal is designed to reduce risk, preserve capital, enhance public disclosures so that investors and analysts can properly understand the inherent risks and earnings power of the Company, or to better align the compensation earned by management with the key factors that will drive a materially stronger market valuation of the Company. We indicated at the time that such a Notification was to serve as a placeholder for a discussion to ultimately arrive at a formal collaboration agreement, and that if such an agreement were to materialize that we would withdraw our Notification.

In response to our Notification, we received a letter from Eagle Bancorp raising a series of procedural objections as to why the Notification was deemed invalid and therefore would not be put forward to shareholders for a vote this coming spring. In no place within the response letter was there any attempt to refute why these requests would be inappropriate for enhancing the value of the Company. While we respectfully disagree with the accuracy of Eagle's procedural objections and we could elect to engage appropriate legal remedies, we recognize that this would be costly for shareholders generally and it misses the mark: this shouldn't be about which party can execute the most expensive legal maneuvering. Instead, all energies should be precisely focused on expeditiously restoring Eagle Bancorp to a much healthier institution.

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As we stated in our third attempt to arrive at a formal collaboration agreement, it is not in the best interest of the Company or its shareholders to engage in an expensive and highly distracting proxy contest if a reasonable collaboration agreement can be achieved. This appeal to a low-cost, high reward plan was rejected.

We respectfully call upon you as fiduciaries charged with representing the interests of shareholders to adopt the steps we recommended, including adding the three qualified individuals we submitted – each of whom has substantial bank turnaround experience – to the board. These individuals would undoubtedly enhance the counsel and insight that management is receiving in the process of restoring Eagle Bancorp to a leading regional bank.

Respectfully,

Diligence Capital Management

James Abbott, CEO and Chief Investment Officer

Daniel Lee, President and Chief Operating Officer

Steven Egli, Managing Director and Portfolio Manager

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## **EXCERPT FROM THE NOTIFICATION SENT FROM DILIGENCE CAPITAL MANAGEMENT TO EAGLE BANCORP'S BOARD**

Below is an excerpt from Diligence Capital's formal notification to Eagle Bancorp's board, dated December 26, 2025 containing the proposed board nominations and shareholder proposals:

### **NOMINATIONS AND PROPOSALS**

Pursuant to Section 14 of the Company's Amended and Restated Bylaws relating to Advance Notice of Nominations and Other Business, Diligence Capital hereby provides notice of the following nominations and proposals for consideration at the next Meeting of Shareholders which is expected to occur in the spring of 2026.

#### **Board Nominations**

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**Diligence Capital nominates to the Eagle Bancorp Board of Directors** three (3) directors who have substantial experience in:

- Managing large and complex banking organizations,
- Possessing extensive financial expertise in the banking industry,
- Demonstrating experience with bank turnaround situations including those stemming from elevated concentrations in commercial real estate, and
- Having strong risk management experience, including CCAR-level capital, credit, and liquidity stress testing design, implementation, and maintenance

**Keith D. Maio.** Mr. Maio would bring substantial experience to the Board in both risk management and front-line operations. In the risk role, he served as the chief risk officer of Zions Bancorporation. In the operations role, he served as the chief banking officer of Zions Bancorporation, as well as the CEO of the National Bank of Arizona, an affiliate of Zions Bancorporation. Mr. Maio's experience with risk management at a super-regional bank would be particularly helpful in working with Eagle Bancorp to navigate the current challenges with credit, stress testing, liquidity risk, concentration risk, interest rate risk, and operational risk. Mr. Maio is well equipped to help navigate issues with various bank regulatory organizations. Once credit, risk, and regulatory issues are well controlled, Mr. Maio's veteran experience in moving a bank from high concentrations in commercial real estate to a diversified mix of commercial (small and medium sized businesses in particular) and retail banking as well as maintaining a healthy presence in commercial real estate would be valuable in improving the deposit composition of the Company.

**David E. Hooston.** Mr. Hooston has extensive experience in serving as the chief financial officer of four publicly traded bank holding companies where he was hired to lead them in various risk-mitigation efforts including lending workout, capital remediation, risk management, and regulatory relations. These banks experienced significant challenges including significant regulatory issues, credit risk, revenue shortfalls, interest rate risk, and capital shortfalls. Mr. Hooston has worked with many regulatory agencies, examiners-in-charge, and regulatory supervisors to arrive at solutions that satisfy both regulators and shareholders. Mr. Hooston's experience in working to resolve multiple troubled bank situations would provide Eagle Bancorp with a great degree of first-hand knowledge to help the Company navigate the current situation.

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**James R. Abbott.** Mr. Abbott is the CEO and chief investment officer of Diligence Capital Management. Uniquely, Mr. Abbott has both capital markets experience and senior executive management experience at a large regional bank. Prior to Diligence Capital, Mr. Abbott served for 14 years as the director of investor relations and external communications (or more commonly referred to as media relations) at Zions Bancorporation where he was frequently ranked as the top-ranked investor relations professional for regional banks by *Institutional Investor* magazine as voted by industry investors and analysts. During his tenure, he helped Zions navigate the credit events in the wake of the global financial crisis through industry-leading disclosures on the Company's outsized concentration in commercial real estate, and later through the 2014-2016 recession in oil and gas lending, the 2020-2021 pandemic, and the extreme volatility of certain large regional banks in the wake of the Silicon Valley Bank crisis. In addition to his role in public relations, Mr. Abbott was a voting member of several operating committees and councils within the Company including the Asset-Liability Committee, Capital Management Committee and Social Media Council (Chair). He helped develop the architecture and governance for Zions' stress test (more commonly known as CCAR). Prior to Zions, Mr. Abbott was a well-respected equity analyst in the banking sector, covering more than 100 banks during his 12 years of experience in that role.

Mr. Abbott's background in investor relations and on key banking operating committees would serve to advise the Board on strategies that would reduce the market's perception of risk and reduce the economic risk within Eagle Bancorp, ultimately restoring credibility, which would improve the probability of Eagle returning to a stronger valuation relative to earnings and book value.

These directors would replace the following directors which Diligence Capital believes to possess less experience with bank turnarounds, bank regulatory credit and liquidity risk management, and less experience in communicating with investors of a bank that is experiencing financial turbulence.

We recognize and respect the service of these directors; however, the current circumstances require a different skill set.

James A. "Jim" Soltesz

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Chairman of the Board since November 3, 2025, lead independent director since April 1, 2021 (4.7 years), and board member since September 2007 (18 years); professional area of expertise: civil engineering and land development

Benjamin M. Soto

Director of Eagle Bancorp since July 2019, was added as a director of Eagle Bank in November 2006; professional area of expertise: title and escrow services, legal services - real estate and bankruptcy

Steven J. Freidkin

Director since January 2021; professional area of expertise: information technology, specifically as a managed service provider (e.g. help-desk services, cybersecurity services, digital transformation, etc.)

The proposed board would remain a gender-diversified board (40% female, unchanged from 2025's composition) and would not reduce the expertise in commercial real estate given the extensive experience and expertise that Messrs. Maio, Hooston, and Abbott possess in that subject. While the loss of technology expertise from Mr. Freidkin may have an impact, Diligence Capital believes that such expertise can be filled through technology service providers, consultancies, or the creation of an advisory board that is focused on technology adaptation and transformation.

**RESOLVED, that Keith D. Maio, David E. Hooston, and James R. Abbott be nominated to Eagle Bancorp's board of directors, along with the following directors who have been members of Eagle Bancorp's board in 2025:**

**Matthew D. Brockwell**

**Teresa G. LaPlaca**

**A. Leslie Ludwig**

**Louis P. "Pete" Matthews Jr.**

**Kristen J. Pederson**

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Susan G. Riel

Theodore A. "Ted" Wilm

## Shareholder Proposals

### **Proposal 1: Maintain Separation of Chair and CEO At Least Until Certain Key Performance Indicators Have Been Restored to Peer Median or Better**

Diligence Capital Management believes that the recent separation of the Chair and CEO role will improve the governance of the Company. There are some synergies that a company enjoys when the roles are combined; nevertheless, Diligence believes it is in the best interest of shareholders for the roles to remain separated until the profitability and asset quality of the Company is at least performing in line with the peer median and has done so for a considerable period of time, and that concentration risk – particularly within the commercial real estate segment – has been reduced to or below the peer median level.

**RESOLVED**, that Eagle Bancorp shall maintain the separation of the Chairman or Chairwoman and the Chief Executive Officer role at least until the Company returns to a peer median or better level (i.e. lower or lesser on asset quality metrics and concentration levels, higher or greater on profitability) regarding:

- i) Profitability on both Return on Equity and Return on Assets;
- ii) Asset quality as measured by
  - (1) Trailing 24 months annualized Net Charge-Offs as a percentage of Average Loans and
  - (2) Nonperforming Loans (including Loans 90+ Days Past Due) as a percentage of total loans and
  - (3) The concentration in commercial real estate (excluding owner-occupied properties) when measured as a percentage of common equity tier 1 capital

**Proposal 2: Design and Disclose a Three-Year Performance Improvement Plan with Specific Key Performance Indicators and Tie Substantial Compensation to the Achievement of Such KPIs.**

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The principals of Diligence Capital Management believe that if performance improvement plans are clearly articulated to investors, that such plans identify very specific key performance indicators (“KPIs”), and that a substantial portion of executive compensation is tied to such KPIs that the Company will experience a much more rapid improvement than it would have otherwise experienced.

As part of this plan, Diligence Capital believes the capital ratios should decline as the risk declines, and that such target capital ratios should be well-defined based upon clear factors. We note that the Company maintains a strong surplus of common equity capital measured in the form of CET1 to risk-weighted assets at 13.6% of risk-weighted assets as of September 30, 2025, a level that is well above the regulatory threshold for a “well-capitalized” bank and above many peer banks. The Company has maintained a capital level relative to risk-weighted assets that has been substantially greater than peers for many years. Such capital is the most expensive form of financing for the bank; as such, large surpluses are and have been costly to shareholders. We sought from management an understanding as to what metrics and methods were used to justify the surplus; the answer was qualitative in nature rather than a well-defined quantitative process such as a stress test that outlines costs versus benefits.

While we agree that some surplus to the regulatory threshold for “Well Capitalized” is appropriate, the current level is simply too much, costing shareholders millions of dollars per year in either revenue that would have been generated if the surplus capital were to be deployed into earning assets or a lower return on equity and earnings per share than is necessary if the surplus capital were to be used to repurchase shares or pay cash dividends.

**RESOLVED, that Eagle Bancorp shall develop a three-year strategic plan to remediate and improve the risk management, profitability and capital management issues in recent history and shall publish the specifics of that plan to shareholders by July 31, 2026.**

The plan shall include highly specific targets on:

- i) Asset quality (to be within the best quartile of the Company’s peer group);
- ii) Revenue growth (fully-taxable equivalent net interest income plus noninterest income, excluding the effects of substantial acquisitions or divestitures) and revenue level (as a percentage of CET1);
- iii) Commercial real estate loan concentration (as a percentage of CET1), capital levels (including but not limited to the CET1 ratio expressed as a percentage of risk-weighted assets);

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iv) Liquidity KPIs such as reducing exposure to large depositors, increasing the general granularity of the deposit base, and improve the availability of liquidity from alternative sources such as the Federal Home Loan Bank system;

iv) Other measures or key performance indicators (“KPIs”) that are customarily used by investors in the financial services industry.

Annual targets shall be established for each KPI.

For each Named Executive Officer, a substantial majority (no less than sixty-five percent (65%)) of total compensation for each fiscal year shall be performance-based compensation and shall be contingent upon the achievement of clearly defined, objective annual key performance indicators (“KPIs”) established under the Company’s disclosed three-year performance improvement plan. Such KPIs shall be disclosed to shareholders in advance, shall be measurable and tied to the Company’s stated objectives, and shall be evaluated against pre-established performance levels.

### **Proposal 3: Exercise Great Care Regarding the Disposition of Problem Loans and Disclose to Investors the Internal Rate of Return vs. Alternative Loan Workout Solutions**

In recent quarters, Eagle Bancorp has initiated a process of selling or attempting to sell problem office loans to third-party investors (e.g. family offices, institutional investment funds). The loss content of these loans has been quite substantial when measured against the original loan amounts. Generally, we understand through disclosures and discussions with management that these loans were underwritten with loan-to-value ratios of approximately 60%, yet the loss rates recognized on these loans as they have either been sold or moved to held-for-sale has been 40% or more, per the Company’s second and third quarter earnings calls with investors and analysts. In the second quarter of 2025, management indicated on the earnings call with investors that the loss rates were approximately 40%, with the resulting math indicating a decline in property values of more than 60%. However, using data from a nationally recognized company on commercial property (sales, rents, lease maturities, vacancy and shadow vacancy, etc.) we were unable to find neighborhoods in the Northern Virginia, Washington D.C., and Maryland region where office property price values had declined more than 30% (the median neighborhood’s decline within our sample size was in the high teens). Additionally, one of the nation’s largest office real estate investment trusts that has substantial office

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exposure in the same footprint as Eagle does business recently commented that the office market appears to have bottomed, that transaction volume is increasing and additional capital is flowing to the space.

Diligence Capital believes that shareholders' equity will be better preserved by hiring additional staff to resolve the loans rather than sell loans to third parties (e.g. family offices and private credit funds); such a so-called work-out approach has been used by many banks in the past with substantial success.

**RESOLVED, that Eagle Bancorp immediately cease the practice of selling loans to third parties solely or primarily for the purpose of expediting resolution of problem assets. Instead, Eagle Bancorp shall be required to demonstrate to shareholders on a quarterly basis that by selling loans the Company produced a superior internal rate of return ("IRR") when compared to the alternative of holding such loans and resolving them in an alternative manner using practices such as hiring staff in its "Special Assets Group" (or equivalent) and working with the borrower to preserve Eagle Bancorp's capital. Additionally, Eagle Bancorp should disclose the key assumptions used in the IRR calculations.**

#### **Proposal 4: Significantly Improve the Quality of Disclosures Regarding Loans in Certain Concentrations such as Office, Multi-Family, and Construction**

The Company's disclosures on office loans could be significantly improved. Specifically, the Company provides investors with an average loan-to-value ratio, but the denominator includes a large number and volume of loans that have not been re-appraised in years; those loans are co-mingled with a small number of loans that have been re-appraised. Even if investors had a relatively current value in the LTV calculation, averages leave investors guessing at the true "tail risk" of the portfolio – the highest loan-to-value ratio loans representing the greatest risk.

Additionally, the Company could disclose a distribution of debt service coverage ratios (a form of cash-flow coverage relative to debt expense), the presence of and type of guarantor or sponsor support (e.g. full guarantee, partial guarantee, mandatory support vs. optional support, etc.).

Similar disclosures would be helpful in other areas of concern such as multi-family and construction loans.

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Eagle Bancorp could disclose the results of its capital stress testing and the expected losses from its various portfolio classifications. Such disclosures are provided by many large regional, national, and global banks as part of the Dodd-Frank Act requirements; such disclosures have reduced uncertainty for investors, companies, and regulators. Such reduced uncertainty has provided support to those companies' share prices, effectively reducing their cost of capital.

**RESOLVED**, that Eagle Bancorp shall substantially enhance its disclosures around office, multi-family, and construction loans to include distributions of key underwriting metrics such as LTV, DSCR, sponsor support, maturity schedules and other similar metrics that will allow investors to better assess tail risk. Additionally, Eagle Bancorp shall ensure that the values used in the loan-to-value ratio disclosures are refreshed either through broker price opinions, appraisals, or values adjusted using regional property-type index values from a reputable vendor such as MSCI's Real Capital Analytics Commercial Property Price Index; such opinions, appraisals, or index-adjusted values shall be no older than 12 months when used in its disclosures.

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