

Virginia Heritage Bank (OTCQB: VGBK; Tysons Corner, VA) has agreed to merge with Eagle Bancorp, Inc. (NASDAQ: EGBN; Bethesda, MD)

Deal Value: Approximately \$183 million

Sandler O'Neill served as financial advisor to Virginia Heritage Bank in this transaction. This transaction is Sandler O'Neill's 132nd bank or thrift transaction nationwide since January 1, 2011, more than any other investment bank during that time period.¹

Since January 1, 2011, Sandler O'Neill has advised on 9 bank or thrift transactions across the District of Columbia, Maryland and Virginia, more than any other investment bank.¹

BETHESDA, MD and TYSONS CORNER, VA — On June 9, 2014, Eagle Bancorp, Inc. ("Eagle") (NASDAQ: EGBN), the parent company of EagleBank ("EagleBank"), and Virginia Heritage Bank ("VHB") (OTCQB: VGBK) announced that they have entered into a definitive agreement (the "Agreement") pursuant to which VHB will be merged into EagleBank, with EagleBank being the surviving institution. The merger will accelerate Eagle's growth with the addition of VHB's 6 branches, which are all located in the attractive Northern Virginia market. At March 31, 2014, VHB had approximately \$917.4 million in assets, \$715.8 million in net loans and \$737.1 million in deposits.

Based on the closing price of Eagle Common Stock on June 6, 2014 of \$32.92, the Exchange Ratio would be 0.6531, and the aggregate value of the transaction would be approximately \$182.9 million, including the value of outstanding options to acquire VHB Common Stock, but excluding the value of VHB's preferred stock, or approximately 205.7% of VHB's book value and tangible book value per common share and 18.1x VHB's trailing twelve month earnings available to common shareholders, each as of March 31, 2014. Approximately \$45.1 million of the aggregate consideration would be payable in cash. The Exchange Ratio and the value of the transaction at closing may be higher or lower, depending on the change in the value of Eagle common stock. Eagle expects that the transaction will be accretive to Eagle's earnings within twelve months following the closing of the merger, and will result in modest dilution to tangible book value, which is expected to be earned back within four years.

The merger is expected to close as early as the fourth quarter of 2014. It has been unanimously approved by the boards of directors of both Eagle and VHB and is subject to the approval by common shareholders of VHB, the approval of bank regulatory authorities, and the satisfaction or waiver of the conditions to closing and covenants of each party contained in the Agreement.

David P. Summers, Chairman, President and CEO of VHB noted, "In 16 years EagleBank has established itself as the leading community banking company serving the Washington, D.C. metropolitan area. The alliance of our two companies should prove a winning combination all around. I look forward to working with Ron to continue the expansion of the combined franchise." Ronald D. Paul, Chairman and CEO of Eagle and EagleBank added, "We are extremely excited about the proposed acquisition of VHB and the transformative opportunities the combination creates for us in Northern Virginia."

Financial Highlights

(Dollars in millions)

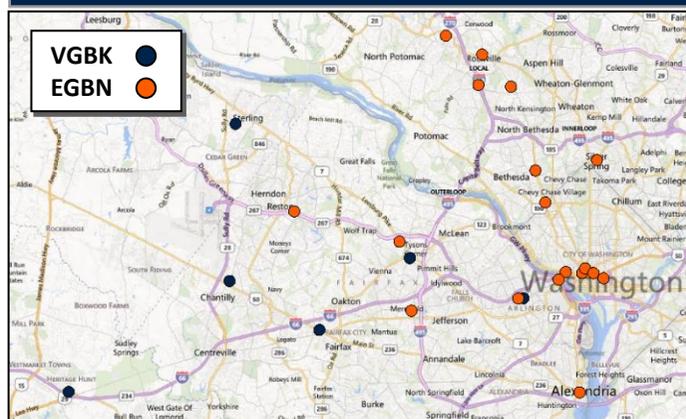
	<u>VGBK</u>	<u>EGBN</u>
Total Assets	\$917	\$3,804
Gross Loans	740	3,086
Total Deposits	737	3,274
Total Equity	100	410
Tang. Comm. Equity / Tang. Assets	9.25%	9.22%

1) Excludes terminated transactions and self-advisory roles.

Note: Financial data as of March 31, 2014.

Source: SNL Financial.

Pro Forma Branch Map



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