

Eagle Bancorp Montana, Inc.  
Form 10-Q  
May 16, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2011

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 1-34682

Eagle Bancorp Montana, Inc.

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(Exact name of small business issuer as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)

27-1449820  
(I.R.S. Employer Identification No.)

1400 Prospect Avenue, Helena, MT 59601

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(Address of principal executive offices)

(406) 442-3080

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(Issuer's telephone number)

Website address: [www.americanfederalsavingsbank.com](http://www.americanfederalsavingsbank.com)

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

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

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

Large accelerated filer       Accelerated filer   
Non-accelerated filer       Smaller reporting company   
(Do not check if smaller reporting company)

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

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

Common stock, par value \$0.01 per share	As of May 16, 2011	4,081,517 shares outstanding
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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARY

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## EAGLE BANCORP MONTANA, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Dollars in Thousands, Except for Per Share Data)

	March 31, 2011 (Unaudited)	June 30, 2010 (Audited)
<b>ASSETS</b>		
Cash and due from banks	\$2,134	\$2,543
Interest-bearing deposits with banks	6,982	966
Federal funds sold	4,951	-
Total cash and cash equivalents	14,067	3,509
Securities available-for-sale, at market value	101,702	114,528
Securities held-to-maturity, at cost	-	125
Federal Home Loan Bank stock, at cost	2,003	2,003
Investment in Eagle Bancorp Statutory Trust I	155	155
Mortgage loans held-for-sale	926	7,695
Loans receivable, net of deferred loan expenses and allowance for loan losses of \$1,650 at March 31, 2011 and \$1,100 at June 30, 2010	185,866	169,502
Accrued interest and dividends receivable	1,574	1,610
Mortgage servicing rights, net	2,173	2,337
Premises and equipment, net	15,993	15,848
Cash surrender value of life insurance	6,849	6,691
Real estate & other repossessed assets acquired in settlement of loans, net of allowance for losses	1,321	619
Other assets	1,973	1,117
<b>Total assets</b>	<b>\$334,602</b>	<b>\$325,739</b>

See accompanying notes to consolidated financial statements.

## EAGLE BANCORP MONTANA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Continued)  
(Dollars in Thousands, Except for Per Share Data)

	March 31, 2011 (Unaudited)	June 30, 2010 (Audited)
<b>LIABILITIES</b>		
Deposit accounts:		
Noninterest bearing	\$ 19,843	\$ 18,376
Interest bearing	190,833	179,563
Total deposits	210,676	197,939
Accrued expenses and other liabilities	2,875	2,989
Federal funds purchased	-	-
FHLB advances and other borrowings	62,946	67,224
Subordinated debentures	5,155	5,155
Total liabilities	281,652	273,307
<b>EQUITY</b>		
Preferred stock (no par value, 1,000,000 shares authorized, none issued or outstanding)	-	-
Common stock (par value \$0.01 per share; 8,000,000 shares authorized; 4,083,127 shares issued and outstanding at March 31, 2011 and June 30, 2010)	41	41
Additional paid-in capital	22,103	22,104
Unallocated common stock held by employee stock ownership plan ("ESOP")	(1,764 )	(1,889 )
Retained earnings	31,722	30,652
Accumulated other comprehensive income	848	1,524
Total equity	52,950	52,432
Total liabilities and equity	\$ 334,602	\$ 325,739

See accompanying notes to consolidated financial statements.

## EAGLE BANCORP MONTANA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME  
(Dollars in Thousands, Except for Per Share Data)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2011	2010	2011	2010
	(Unaudited)		(Unaudited)	
<b>Interest and Dividend Income:</b>				
Interest and fees on loans	\$2,877	\$2,719	\$8,494	\$8,207
Securities available-for-sale	890	958	2,754	2,970
Securities held-to-maturity	-	2	-	9
Interest on deposits with banks	6	7	15	22
<b>Total interest and dividend income</b>	<b>3,773</b>	<b>3,686</b>	<b>11,263</b>	<b>11,208</b>
<b>Interest Expense:</b>				
Deposits	326	486	1,090	1,686
FHLB advances & other borrowings	626	655	1,909	1,999
Subordinated debentures	22	75	164	225
<b>Total interest expense</b>	<b>974</b>	<b>1,216</b>	<b>3,163</b>	<b>3,910</b>
<b>Net Interest Income</b>	<b>2,799</b>	<b>2,470</b>	<b>8,100</b>	<b>7,298</b>
Loan loss provision	276	214	793	456
<b>Net interest income after loan loss provision</b>	<b>2,523</b>	<b>2,256</b>	<b>7,307</b>	<b>6,842</b>
<b>Noninterest income:</b>				
Service charges on deposit accounts	156	171	553	571
Net gain on sale of loans	333	190	1,962	979
Mortgage loan servicing fees	215	187	603	570
Net gain on sale of available for sale securities	-	-	-	29
Net gain (loss) on securities FASB ASC 825	-	-	-	84
Other	240	173	658	487
<b>Total noninterest income</b>	<b>944</b>	<b>721</b>	<b>3,776</b>	<b>2,720</b>

See accompanying notes to consolidated financial statements.

## EAGLE BANCORP MONTANA, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF INCOME (Continued)

(Dollars in Thousands, Except for Per Share Data)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2011	2010	2011	2010
	(Unaudited)		(Unaudited)	
Noninterest expense:				
Salaries and employee benefits	1,322	1,187	3,740	3,537
Occupancy and equipment expense	342	319	1,005	837
Data processing	198	110	409	299
Advertising	127	109	374	339
Amortization of mortgage servicing rights	334	102	1,033	365
Federal insurance premiums	66	65	193	196
Postage	26	25	96	112
Legal, accounting, and examination fees	67	68	276	236
Consulting fees	36	33	94	131
ATM processing	15	20	49	49
Other	330	216	1,039	741
Total noninterest expense	2,863	2,254	8,308	6,842
Income before provision for income taxes	604	723	2,775	2,720
Provision for income taxes	196	244	847	843
Net income	\$408	\$479	\$1,928	\$1,877
Basic earnings per common share	\$0.10	\$0.12	\$0.49	\$0.46
Diluted earnings per common share	\$0.10	\$0.10	\$0.49	\$0.40
Weighted average shares outstanding (basic eps)*	3,904,017	4,083,127	3,899,808	4,080,128
Weighted average shares outstanding (diluted eps)*	3,904,017	4,649,574	3,899,808	4,646,188

\* For periods, June 30, 2010 and earlier, the per share data is calculated on a converted basis using a 3.8 to 1.0 exchange ratio in the second-step conversion.

See accompanying notes to consolidated financial statements.

## EAGLE BANCORP MONTANA, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

For the Nine Months Ended March 31, 2011 and 2010

(Dollars in Thousands, Except for Per Share Data)

	PREFERRED STOCK	COMMON STOCK	ADDITIONAL UNALLOCATED PAID-IN CAPITAL	ESOP SHARES	TREASURY STOCK	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME(LOSS)	TOTAL
Balance, June 30, 2009	\$ -	\$ 12	\$ 4,564	\$ (18 )	\$ (5,034 )	\$ 28,850	\$ (582 )	\$ 27,792
Net income						1,877		1,877
Other comprehensive income							1,482	1,482
Total comprehensive income								3,359
Dividends paid (\$0.26 per share)						(333 )		(333 )
Treasury stock purchased (805 shares @ \$28.25)					(22 )			(22 )
ESOP shares allocated or committed to be released for allocation (1.150 shares)			50	18				68
Balance, March 31, 2010	\$ -	\$ 12	\$ 4,614	\$ -	\$ (5,056 )	\$ 30,394	\$ 900	\$ 30,864
Balance, June 30, 2010	\$ -	\$ 41	\$ 22,104	\$ (1,889 )	\$ -	\$ 30,652	\$ 1,524	\$ 52,432
Net income						1,928		1,928
Other comprehensive income							(676 )	(676 )
Total comprehensive income								1,252
Dividends paid (\$0.21 per share)						(858 )		(858 )



ESOP shares allocated or committed to be released for allocation (12,566 shares)			(1	)	125				124		
Balance, March 31, 2011	\$	-	\$	41	\$22,103	\$(1,764	)	\$-	\$31,722	\$848	\$52,950

See accompanying notes to consolidated financial statements.

## EAGLE BANCORP MONTANA, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands, Except for Per Share Data)

	Nine Months Ended March 31,	
	2011	2010
	(Unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$1,928	\$1,877
Adjustments to reconcile net income to net cash from operating activities:		
Provision for loan losses	793	456
Provision for OREO valuation losses	60	-
Depreciation	548	481
Net amortization of marketable securities premium and discounts	450	248
Amortization of capitalized mortgage servicing rights	1,033	365
Gain on sale of loans	(1,962 )	(979 )
Net realized (gain) loss on sale of available-for-sale securities	-	(29 )
Increase in cash surrender value of life insurance	(158 )	(144 )
(Gain)/Loss on sale of property & equipment	84	2
Loss on sale of OREO	1	-
Loss (gain) investment securities, Preferred Stock	-	(84 )
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accrued interest and dividends receivable	36	(214 )
Loans held-for-sale	8,399	3,407
Other assets	(856 )	113