

EAGLE BANCORP/MT
Form 10-Q
February 12, 2009

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 December 31, 2008

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

For the transition period from _____ to _____.

Commission file number 0-29687

Eagle Bancorp

(Exact name of registrant as specified in its charter)

United States 81-0531318
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1400 Prospect Avenue, Helena, MT 59601

(Address of principal executive offices)

(406) 442-3080

(Registrant's telephone number)

Website address: www.americanfederalsavingsbank.com

Indicate by check mark whether the registrant has (1) filed all reports to be filed by Section 13 or 15(d) of the Exchange Act 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 a 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)

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

APPLICABLE ONLY TO CORPORATE ISSUERS

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

| | |
|--|------------------------------|
| Common stock, par value \$0.01 per share | 1,075,312 shares outstanding |
| As of February 10, 2009 | |

EAGLE BANCORP AND SUBSIDIARY

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EAGLE BANCORP AND SUBSIDIARY

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

| | December 31, 2008 (Unaudited) | June 30, 2008 (Audited) |
|--|-------------------------------------|-------------------------------|
| ASSETS | | |
| Cash and due from banks | \$ 5,526 | \$ 3,541 |
| Interest-bearing deposits with banks | 127 | 549 |
| Total cash and cash equivalents | 5,653 | 4,090 |
| Preferred stock - SFAS 159, at market value | 35 | 1,321 |
| Securities available-for-sale, at market value | 77,029 | 78,417 |
| Investment securities held-to-maturity, at cost | 381 | 697 |
| Investment in Eagle Bancorp Statutory Trust I | 155 | 155 |
| Federal Home Loan Bank stock, at cost | 1,925 | 1,715 |
| Mortgage loans held-for-sale | 1,871 | 7,370 |
| Loans receivable, net of deferred loan fees and allowance for loan losses of \$340 at December 31, 2008 and \$300 at June 30, 2008 | 178,584 | 168,149 |
| Accrued interest and dividends receivable | 1,433 | 1,426 |
| Mortgage servicing rights, net | 1,512 | 1,652 |
| Property and equipment, net | 10,848 | 8,080 |
| Cash surrender value of life insurance | 6,403 | 6,285 |
| Real estate acquired in settlement of loans, net of allowance for losses | - | - |
| Other assets | 1,494 | 550 |
| Total assets | \$ 287,323 | \$ 279,907 |

See accompanying notes to consolidated financial statements.

EAGLE BANCORP AND SUBSIDIARY

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

| | December 31, 2008 (Unaudited) | June 30, 2008 (Audited) |
|---|-------------------------------------|-------------------------------|
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Liabilities: | | |
| Deposit accounts: | | |
| Noninterest bearing | \$ 12,902 | \$ 14,617 |
| Interest bearing | 168,378 | 164,234 |
| Federal funds purchased | 3,900 | 3,000 |
| Advances from Federal Home Loan Bank and other borrowings | 69,889 | 65,222 |
| Subordinated debentures | 5,155 | 5,155 |
| Accrued expenses and other liabilities | 2,178 | 2,045 |
| Total liabilities | 262,402 | 254,273 |
| Stockholders' Equity: | | |
| Preferred stock (no par value, 1,000,000 shares authorized, none issued or outstanding) | - | - |
| Common stock (par value \$0.01 per share; 9,000,000 shares authorized; 1,223,572 shares issued; 1,075,312 and 1,076,072 outstanding at December 31, 2008 and June 30, 2008, respectively) | 12 | 12 |
| Additional paid-in capital | 4,526 | 4,487 |
| Unallocated common stock held by employee stock ownership plan ("ESOP") | (37) | (55) |
| Treasury stock, at cost (148,260 and 147,500 shares at December 31, 2008 and June 30, 2008, respectively) | (5,034) | (5,013) |
| Retained earnings | 27,102 | 27,025 |
| Accumulated other comprehensive loss | (1,648) | (822) |
| Total stockholders' equity | 24,921 | 25,634 |
| Total liabilities and stockholders' equity | \$ 287,323 | \$ 279,907 |

See accompanying notes to consolidated financial statements.

EAGLE BANCORP AND SUBSIDIARY

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

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|---|------------------------------------|----------|----------------------------------|----------|
| | 2008 | 2007 | 2008 | 2007 |
| | (Unaudited) | | (Unaudited) | |
| Interest and Dividend Income: | | | | |
| Interest and fees on loans | \$ 2,955 | \$ 2,751 | \$ 5,792 | \$ 5,419 |
| Interest on deposits with banks | 1 | 27 | 5 | 34 |
| Securities held-to-maturity | 5 | 9 | 10 | 18 |
| Securities available-for-sale | 977 | 704 | 1,940 | 1,426 |
| FHLB dividends | 5 | 3 | 12 | 5 |
| Total interest and dividend income | 3,943 | 3,494 | 7,759 | 6,902 |
| Interest Expense: | | | | |
| Deposits | 830 | 1,171 | 1,692 | 2,356 |
| FHLB advances and other borrowings | 670 | 471 | 1,313 | 910 |
| Subordinated debentures | 75 | 75 | 150 | 150 |
| Total interest expense | 1,575 | 1,717 | 3,155 | 3,416 |
| Net interest income | 2,368 | 1,777 | 4,604 | 3,486 |
| Loan loss provision | (34) | - | (34) | - |
| Net interest income after loan loss provision | 2,334 | 1,777 | 4,570 | 3,486 |
| Noninterest Income: | | | | |
| Net gain on sale of loans | 238 | 183 | 421 | 382 |
| Demand deposit service charges | 181 | 190 | 371 | 356 |
| Mortgage loan servicing fees | (83) | 137 | 57 | 270 |
| Net gain on sale of available-for-sale securities | - | - | 57 | - |
| Net loss on securities SFAS 159 | (47) | (390) | (1,286) | (431) |
| Other | 155 | 149 | 320 | 276 |
| Total noninterest income | 444 | 269 | (60) | 853 |

See accompanying notes to consolidated financial statements.

EAGLE BANCORP AND SUBSIDIARY

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

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|---|------------------------------------|-----------|----------------------------------|-----------|
| | 2008 | 2007 | 2008 | 2007 |
| | (Unaudited) | | (Unaudited) | |
| Noninterest Expense: | | | | |
| Salaries and employee benefits | 1,146 | 1,008 | 2,192 | 1,954 |
| Occupancy expenses | 136 | 130 | 285 | 265 |
| Furniture and equipment depreciation | 65 | 70 | 132 | 141 |
| In-house computer expense | 101 | 84 | 174 | 158 |
| Advertising expense | 103 | 70 | 194 | 133 |
| Amortization of mtg servicing fees | 66 | 75 | 137 | 141 |
| Federal insurance premiums | 9 | 5 | 16 | 10 |
| Postage | 45 | 33 | 78 | 56 |
| Legal, accounting, and examination fees | 65 | 65 | 113 | 121 |
| Consulting fees | 19 | 7 | 62 | 22 |
| ATM processing | 14 | 13 | 28 | 27 |
| Other | 287 | 227 | 494 | 427 |
| Total noninterest expense | 2,056 | 1,787 | 3,905 | 3,455 |
| Income before provision for income taxes | 722 | 259 | 605 | 884 |
| Provision for income taxes | 198 | 40 | 181 | 201 |
| Net income | \$ 524 | \$ 219 | \$ 424 | \$ 683 |
| Basic earnings per share | \$ 0.49 | \$ 0.20 | \$ 0.40 | \$ 0.64 |
| Diluted earnings per share | \$ 0.43 | \$ 0.18 | \$ 0.35 | \$ 0.56 |
| Weighted average shares outstanding (basic eps) | 1,069,952 | 1,070,862 | 1,069,581 | 1,071,651 |
| Weighted average shares outstanding (diluted eps) | 1,218,212 | 1,213,612 | 1,217,635 | 1,213,035 |

See accompanying notes to consolidated financial statements.

EAGLE BANCORP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 For the Six Months Ended December 31, 2008 and 2007 (Unaudited)
 (Dollars in Thousands, Except for Per Share Data)

| | PREFERRED STOCK | COMMON STOCK | ADDITIONAL PAID-IN CAPITAL | UNALLOCATED ESOP SHARES | TREASURY STOCK | RETAINED EARNINGS | OTHER COMPREHENSIVE INCOME (LOSS) | TOTAL |
|------------------------|-----------------|--------------|----------------------------|-------------------------|----------------|-------------------|-----------------------------------|-----------|
| Balance, June 30, 2007 | \$ - | \$ 12 | \$ 4,387 | \$ (92) | \$ (4,759) | \$ 25,448 | \$ (908) | \$ 24,088 |
| Net income | - | - | | | | | | |