

EAGLE BANCORP/MT
Form 10QSB
February 09, 2007

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

FORM 10-QSB

- ☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2006

- ☐ TRANSITION REPORT UNDER 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 small business issuer as specified in its charter)

United States

(State or other jurisdiction of incorporation or
organization)

81-0531318

(I.R.S. Employer Identification No.)

1400 Prospect Avenue, Helena, MT 59601

(Address of principal executive offices)

(406) 442-3080

(Issuer's telephone number)

Website address: www.americanfederalsavingsbank.com

Check whether the issuer (1) filed all reports to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 is a shell company (defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

APPLICABLE ONLY TO CORPORATE ISSUERS

State 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

1,085,357 shares outstanding

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As of February 1, 2007

Transitional Small Business Disclosure Format (Check one): Yes ☐ No ☒

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, 2006 (Unaudited)	June 30, 2006 (Audited)
ASSETS		
Cash and due from banks	\$ 4,421	\$ 2,844
Interest-bearing deposits with banks	509	27
Total cash and cash equivalents	4,930	2,871
Investment securities available-for-sale, at market value	66,446	64,198
Investment securities held-to-maturity, at amortized cost	977	1,018
Investment in Eagle Bancorp Statutory Trust I	155	155
Federal Home Loan Bank stock, at cost	1,315	1,315
Mortgage loans held-for-sale	2,063	918
Loans receivable, net of deferred loan fees and allowance for loan losses of \$520 at December 31, 2006 and \$535 at June 30, 2006	147,331	140,858
Accrued interest and dividends receivable	1,280	1,211
Mortgage servicing rights, net	1,682	1,722
Property and equipment, net	5,938	5,962
Cash surrender value of life insurance	5,664	5,230
Real estate acquired in settlement of loans, net of allowance for losses	—	—
Other assets	304	720
Total assets	\$ 238,085	\$ 226,178

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, 2006 (Unaudited)	June 30, 2006 (Audited)
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposit accounts:		
Noninterest bearing	\$ 12,575	\$ 12,575
Interest bearing	162,760	161,767
Advances from Federal Home Loan Bank and Other Borrowings	31,863	22,371
Long-term subordinated debentures	5,155	5,155
Accrued expenses and other liabilities	1,863	1,765
Total liabilities	214,216	203,633
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; 1,086,557 and 1,091,722 shares outstanding at December 31, 2006 and June 30, 2006, respectively)	12	12
Additional paid-in capital	4,330	4,274
Unallocated common stock held by employee stock ownership plan ("ESOP")	(110)	(129)
Treasury stock, at cost	(4,687)	(4,521)
Retained earnings	24,746	24,056
Accumulated other comprehensive income (loss)	(422)	(1,147)
Total stockholders' equity	23,869	22,545
Total liabilities and stockholders' equity	\$ 238,085	\$ 226,178

See accompanying notes to consolidated financial statements.

EAGLE BANCORP AND SUBSIDIARY
 QUARTERLY CONSOLIDATED STATEMENTS OF INCOME
 (Dollars in Thousands, Except for Per Share Data)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2006	2005	2006	2005
	(Unaudited)		(Unaudited)	
Interest and Dividend Income:				
Interest and fees on loans	\$ 2,378	\$ 1,897	\$ 4,689	\$ 3,687
Interest on deposits with banks	16	36	28	47
FHLB stock dividends	1	—	1	—
Securities available-for-sale	696	640	1,356	1,263
Securities held-to-maturity	11	13	22	27
Total interest and dividend income	3,102	2,586	6,096	5,024
Interest Expense:				
Deposits	1,042	717	1,976	1,383
Advances and other borrowings	355	104	686	204
Subordinated debentures	75	75	150	77
Total interest expense	1,472	896	2,812	1,664
Net interest income	1,630	1,690	3,284	3,360
Loan loss provision	—	—	—	—
Net interest income after loan loss provision	1,630	1,690	3,284	3,360
Noninterest income:				
Net gain on sale of loans	190	128	309	301
Demand deposit service charges	128	136	263	279
Mortgage loan servicing fees	133	130	271	321
Net gain on sale of available-for-sale securities	1	—	1	1
Other	140	123	285	258
Total noninterest income	592	517	1,129	1,160

See accompanying notes to consolidated financial statements.

EAGLE BANCORP AND SUBSIDIARY
 QUARTERLY CONSOLIDATED STATEMENTS OF INCOME (Continued)
 (Dollars in Thousands, Except for Per Share Data)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2006	2005	2006	2005
	(Unaudited)		(Unaudited)	
Noninterest expense:				
Salaries and employee benefits	914	906	1,752	1,738
Occupancy expenses	133	133	275	258
Furniture and equipment depreciation	68	78	147	157
In-house computer expense	70	68	141	135
Advertising expense	60	46	153	116
Amortization of mtg servicing fees	73	92	149	198
Federal insurance premiums	5	6	11	12
Postage	21	19	39	42
Legal, accounting, and examination fees	66	61	124	95
Consulting fees	20	12	36	30
ATM processing	10	12	22	24
Other	221	204	428	424
Total noninterest expense	1,661	1,637	3,277	3,229
Income before provision for income taxes	561	570	1,136	1,291
Provision for income taxes	100	125	253	347
Net income	\$ 461	\$ 445	\$ 883	\$ 944
Basic earnings per share	\$ 0.43	\$ 0.41	\$ 0.82	\$ 0.87
Diluted earnings per share	\$ 0.38	\$ 0.37	\$ 0.73	\$ 0.78
Weighted average shares outstanding (basic eps)	1,072,540	1,077,640	1,073,100	1,079,122
Weighted average shares outstanding (diluted eps)	1,209,012	1,204,412	1,208,435	1,203,835

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, 2006
(Dollars in Thousands, Except for Per Share Data)

	ADDITIONAL ALLOCATED					ACCUMULATED OTHER			
	PREFERRED STOCK	COMMON STOCK	PAID-IN CAPITAL	ESOP SHARES	TREASURY STOCK	RETAINED EARNINGS	COMPREHENSIVE INCOME	TOTAL	
Balance, June 30, 2006	\$ —	\$ 12	\$ 4,274	\$ (129)	\$ (4,521)	\$ 24,056	\$ (1,147)	\$ 22,545	
Net income	—	—	—	—	—	883	—	883	
Other comprehensive income	—	—	—	—	—	—	725	725	
Total comprehensive income								1,608	
Dividends paid (\$.44 per share)	—	—	—	—	—	(193)	—	(193)	
Treasury stock purchased (3,100 shares @ \$31.90; 1,065 shares @ \$32.00; 1,000 shares @ \$32.60	—	—	—	—	(166)	—	—	(166)	
ESOP shares allocated or committed to be released for allocation (2,300 shares)	—	—	56	19	—	—	—	75	
Balance, December 31, 2006	\$ —	\$ 12	\$ 4,330	\$ (110)	\$ (4,687)	\$ 24,746	\$ (422)	\$ 23,869	

See accompanying notes to consolidated financial statements.

EAGLE BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands, Except for Per Share Data)

	Six Months Ended December 31,	
	2006	2005
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 883	\$ 944
Adjustments to reconcile net income to net cash from operating activities:		
Provision for mortgage servicing rights valuation losses	—	(46)
Depreciation	249	256
Net amortization of marketable securities premium and discounts	318	546
Amortization of capitalized mortgage servicing rights	149	198
Gain on sale of loans	(309)	(301)
Net realized (gain) loss on sale of available-for-sale securities	(1)	(1)
FHLB & other dividends reinvested	—	—
Increase in cash surrender value of life insurance	(91)	(92)
Loss on sale of real estate owned	—	6
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accrued interest and dividends receivable	(68)	(41)
Loans held-for-sale	(825)	1,622
Other assets	432	31
Increase (decrease) in liabilities:		
Accrued expenses and other liabilities	(254)	199
Net cash provided by operating activities	483	3,321
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of securities:		
Investment securities held-to-maturity	—	—
Investment securities available-for-sale	(13,720)	(4,269)
Proceeds from maturities, calls and principal payments:		