

Eagle Bancorp Montana, Inc.
Form FWP
March 22, 2010

Second Step Conversion and Offering
March 2010
Issuer Free Writing Prospectus
Dated March 22, 2010
Filed Pursuant to Rule 433
Registration Statement No. 333-163790

Offering Summary
Stifel, Nicolaus & Company, Incorporated
Bookrunner:
D.A. Davidson & Co.
Co-Manager:
Early April 2010
Expected Close / Pricing:
\$250,000 / \$500,000
Maximum Purchase Limitations:
(Individual / Group)

\$33.8 million -

\$45.7 million

Pro Forma Market Value:

Yet to be announced

Subscription & Community Results:

\$20.4 million -

\$27.6 million(2)

Gross Proceeds:

2,040,000

2,760,000(2)

Shares Offered:

\$10.00

Price Per Share:

Nasdaq

Global Market / EBMT (1)

Listing / Ticker:

Eagle Bancorp Montana, Inc.

Issuer:

(1)

For the first twenty trading days, shares will trade under the symbol EBMTD

(2)

Based

on

the

range

from

the

minimum

to

the

maximum

of

the

independent

valuation

appraisal

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Forward-Looking Statements

This presentation contains forward-looking statements, which can be identified by the use of words such as estimate, project, believe, intend,

anticipate,
plan,
seek,
expect

and words of similar meaning. These forward-looking statements include, but are not limited to: statements of our goals, intentions and expectations; statements regarding our business plans, prospects, growth and operating strategies; statements regarding the asset quality of our loan and investment portfolios; and estimates of our risks and future costs and benefits.

These forward-looking statements are based on current beliefs and expectations of our management and are inherently subject to significant business, economic

and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are based on assumptions with respect to future business strategies and decisions that are subject to change.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations set forth in our forward-looking statements:

changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees

and
capital
requirements;
general
economic
conditions,
either
nationally
or
in
our
market
areas,
that
are
worse
than
expected;
competition among depository and other financial institutions;
inflation and changes in the interest rate environment that reduce our margins or reduce the fair value of financial instruments;
adverse changes in the securities markets;
our
ability
to
enter
new
markets
successfully
and
capitalize
on
growth
opportunities;
our ability to successfully integrate acquired entities, if any;
changes in consumer spending, borrowing and savings habits;
changes in our organization, compensation and benefit plans;
our ability to continue to increase and manage our commercial and residential real estate, multi-family, and commercial and industrial real estate;
possible impairments of securities held by us, including those issued by government entities and government sponsored enterprises;
the level of future deposit premium assessments;
the
impact
of
the
current
recession
on
our
loan
portfolio
(including

cash
flow
and
collateral
values),
investment
portfolio,
customers
and
capital
market activities;

the impact of the current governmental effort to restructure the U.S. financial and regulatory system;

changes in the financial performance and/or condition of our borrowers; and

the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Securities and Exchange Commission, the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these

Please

see

Risk

Factors

beginning

on

page

14

of

the

prospectus.

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This presentation is for informational purposes only and does not constitute an offer to sell nor a solicitation of an offer to buy shares of common stock of Eagle Bancorp Montana, Inc. The offer is made only by the prospectus, as supplemented.

Please refer to the prospectus dated February 16, 2010.

The shares of common stock of Eagle Bancorp Montana, Inc. are not deposits or savings accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Eagle
Bancorp

Montana,
Inc.
has
filed
a
registration
statement
(including
a
prospectus)
with
the
SEC
for
the
offering
to
which
this
communication
relates.

Before
you
invest,
you
should
read
the

prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling toll-free 1-866.699.6332.

Summary Mechanics of a Second Step Conversion

Eagle

Financial

MHC

(own 60.4% of common stock)

Public

Stockholders

(own 39.6% of common stock)

Eagle Bancorp

American Federal

Savings Bank
Current Structure
Public
Stockholders
(own
100%
of
common
stock)
Eagle Bancorp
Montana, Inc.
American Federal
Savings Bank
Structure Following the
Conversion and Offering
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Rationale for the Conversion and Offering

To support continued organic growth in the communities that we serve

To bolster our capital position

To pursue potential acquisition opportunities

To create more liquidity in our common stock

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Investment Highlights

Opportunity to invest in a profitable, growing franchise that has been a long-time operator in a stable market area

Consistently strong asset quality profile

Experienced management team with a demonstrated ability to generate shareholder value

Attractive footprint in stable, growing communities

Unemployment rate lower than national average

Stable employment sectors

Favorable growth trends in key markets

Attractive dividend yield

Our quarterly cash dividend upon completion of the offering and reorganization will provide a 2.8% yield at the midpoint

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Corporate Overview

Corporate Overview

American Federal Savings Bank is a federally-chartered savings bank headquartered in Helena, Montana

We currently conduct business through seven branches located in Lewis and Clark, Silver Bow, Gallatin and Broadwater counties in Montana

Branches in Helena, Butte, Bozeman and Townsend, Montana

Core lines of business include:

Retail lending

Commercial lending

Deposit products and services

Mortgage servicing

Eagle Bancorp had assets of \$306.1 million, net loans of \$171.3 million, deposits of \$202.2 million and shareholders equity of

\$30.3 million as of December 31, 2009

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Branch Map

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Corporate & Main Office

1400 Prospect Avenue

Helena, MT 59601

Branch Offices

Helena Downtown

28 Neill Avenue

Helena Skyway

2090 Cromwell Dixon Lane

Townsend
416 Broadway Street
Bozeman
606 North Seventh Avenue
1455 West Oak Street
Butte
3401 Harrison Avenue

Bank
failure
information
available
since
October
1,
2000
per
the

FDIC

Market Area Overview

Headquartered in Helena, Montana's capital

Healthy economic climate

6.8% unemployment rate in Montana versus 9.7% for the nation

There have been no bank failures in the state of Montana in recent years

Stable employment sectors

State and Federal government

Medical / healthcare services

Financial and professional services

Trade center activities

Favorable growth characteristics in some of our markets

Projected population growth in Helena and Bozeman MSAs

expected to exceed projected growth

rates of both the state of Montana and the United States

11

55%

25%

20%

Helena

Butte-Silver Bow

Bozeman

Source: SNL Financial, FDIC

Unemployment data as of January 2010, seasonally adjusted

Deposit

Composition

by MSA as of

December 31, 2009

Business Strategy

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Continue to diversify our loan portfolio into commercial real estate

Attract and retain lower-cost core deposits

Expand our franchise through selective acquisitions and branch additions

Maintain high asset quality levels

Continue to operate as a community-oriented financial institution

Experienced Board & Management

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Name

Age

Positions Held in

Eagle Bancorp

Director

Since

Don O. Campbell

76

Vice Chairman
1994
Lynn E. Dickey
63
Director
2005
Larry A. Dreyer
64
Chairman
1990
Rick F. Hays
57
Director
2007
Peter J. Johnson
52
Director
2007
James A. Maierle
62
Director
1997
Thomas J. McCarvel
60
Director
1998
Board of Directors
Years at
Executive Management
Age
Title
Eagle
Peter J. Johnson
52
President and Chief Executive Officer
28
Clinton J. Morrison
39
SVP and Chief Financial Officer
8
Michael C. Mundt
55
SVP and Chief Lending Officer
21
Robert M. Evans
61
SVP and Chief Information Officer
24
Rachel R. Amdahl
41

SVP/Operations
22

Financial Highlights

Balance Sheet Growth

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Consistent balance sheet growth over the past several years

\$206,414

\$226,178

\$244,686

\$279,907

\$289,709

\$306,108

\$174,342

\$172,497

\$179,647

\$178,851

\$187,199

\$202,223

\$0

\$50,000

\$100,000

\$150,000

\$200,000

\$250,000

\$300,000

\$350,000

6/30/2005

6/30/2006

6/30/2007

6/30/2008

6/30/2009

12/31/2009

Assets

Deposits

Dollars in thousands

Loan Composition

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Recent emphasis on higher-yielding commercial products

This initiative has been a key component in driving our margin expansion over the past several years

Margin expanded from 3.06% for the year ended June 30, 2007 to 3.55% for the six months ended December 31, 2009

Loan

Portfolio
Composition

12/31/2009

Loan Portfolio Composition Over Time

53%

54%

52%

51%

47%

45%

19%

19%

20%

21%

26%

28%

10%

20%

30%

40%

50%

60%

6/30/05

6/30/06

6/30/07

6/30/08

6/30/09

12/31/09

1-4 Family

Commercial

Commercial RE &

Land, 23%

Home Equity,

17%

Commercial

Business, 5%

Consumer, 6%

1-4 Family, 45%

RE Construction,

5%

Commercial loans comprised of Commercial RE & Land and Commercial Business loans

Deposit Composition

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Deposit Composition

12/31/2009

Attractive funding base with checking, savings and NOW accounts
representing approximately 42% of total deposits

For the quarter ended December 31, 2009 the combined average cost of deposits
was 1.18%

NOW & Int.

Bearing
Checking, 19%
Money Market,
13%
Certificates of
Deposit, 46%
Noninterest
Checking, 9%
Statement
Savings, 14%

Disciplined Credit Culture

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Non-Performing Assets / Total Assets

0.24%

0.20%

0.09%

0.01%

0.43%

0.75%

0.40%

0.30%
0.49%
0.58%
1.11%
1.46%
0.00%
0.20%
0.40%
0.60%
0.80%
1.00%
1.20%
1.40%
1.60%
6/30/2005
6/30/2006
6/30/2007
6/30/2008
6/30/2009
12/31/2009
EBMT
High Performance Peer Median
Credit Quality Trends
December 31,
2005
2006
2007
2008
2009
2009
NPLs / Net Loans
0.47%
0.33%
0.13%
0.02%
0.75%
1.25%
NPAs / Assets
0.24%
0.20%
0.09%
0.01%
0.43%
0.75%
Allowance / Net Loans
0.54%
0.38%
0.33%
0.18%
0.31%

0.41%

Charge-Offs / Average Loans, net

-0.05%

-0.02%

-0.01%

-0.03%

-0.02%

0.08%

At June 30,

High performance peer group includes institutions located in the West (excluding California) and Mid-West with assets between

Information for December 31, 2009 represents data for the 6 months ended December 31, 2009, annualized where appropriate

Source: SNL Financial, where data was available

Consistent Profitability

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ROAA

ROAE

Net Interest Margin

Efficiency Ratio

EBMT

High Performance Peer Median

Source: SNL Financial, where data was available

Represents data for the 6 months ended December 31, 2009, annualized where appropriate

0.75%
0.84%
1.00%
0.96%
0.91%
0.72%
0.83%
0.94%
0.83%
0.86%
0.84%
0.77%
0.70%
0.75%
0.80%
0.85%
0.90%
0.95%
1.00%
1.05%
6/30/05
6/30/06
6/30/07
6/30/08
6/30/09
12/31/09
10.13%
9.78%
8.74%
7.40%
8.94%
7.41%
7.48%
8.25%
9.62%
7.88%
9.09%
7.24%
6.00%
7.00%
8.00%
9.00%
10.00%
11.00%
6/30/05
6/30/06
6/30/07
6/30/08
6/30/09
12/31/09

3.84%
3.92%
3.41%
3.55%
3.15%
3.51%
3.06%
3.52%
3.77%
3.70%
3.66%
3.95%
2.75%
3.00%
3.25%
3.50%
3.75%
4.00%
4.25%
6/30/05
6/30/06
6/30/07
6/30/08
6/30/09
12/31/09
68.1%
72.8%
57.2%
71.8%
72.4%
73.9%
71.5%
68.4%
67.3%
66.7%
66.4%
67.4%
50.00%
60.00%
70.00%
80.00%
90.00%
6/30/05
6/30/06
6/30/07
6/30/08
6/30/09
12/31/09

Stock Performance and Per Share Information

Stock Price Performance Since IPO

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Since our IPO in 2000, we have outperformed both the Nasdaq Bank Index as well as the S&P 500

Investors who purchased shares of common stock at \$8.00 in our IPO have enjoyed a 343% price appreciation in the stock price as well as received \$7.00 per share in dividends

Source: SNL Financial as of March 18, 2010

0.00

1.00

2.00

3.00

4.00

5.00

6.00

EBMT

NASDAQ Bank

S&P 500

Strong Track Record of Generating Shareholder Value

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Tangible Book Value Per Share

Earnings & Dividends Per Share

\$16.37

\$17.96

\$19.42

\$19.82

\$20.17

\$20.65

\$22.21
\$23.82
\$25.85
\$28.18
\$10.00
\$14.00
\$18.00
\$22.00
\$26.00
\$30.00
06/30/01
06/30/02
06/30/03
06/30/04
06/30/05
06/30/06
06/30/07
06/30/08
06/30/09
12/31/09
\$1.03
\$1.65
\$1.57
\$1.74
\$1.45
\$1.48
\$1.47
\$1.74
\$1.96
\$1.14
\$0.52
\$1.02
\$0.96
\$0.88
\$0.80
\$0.72
\$0.64
\$0.52
\$0.40
\$0.28
\$0.00
\$0.50
\$1.00
\$1.50
\$2.00
\$2.50
06/30/01
06/30/02
06/30/03
06/30/04

06/30/05

06/30/06

06/30/07

06/30/08

06/30/09

6 Mos.

Ended

12/31/09

Earnings Per Share

Dividends Per Share

Use of Proceeds and Capital Management

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To support organic growth in the communities and markets we serve

To consider, as opportunities arise, acquisitions of other banking institutions in contiguous markets

Montana currently has over 50 banking institutions with assets less than \$200 million

To consider repurchasing shares of our outstanding common

stock

To maintain a strong balance sheet and capital position

We intend to use the proceeds received in the offering for the following:

Source: SNL Financial

Offering Information

Pro Forma Overview

25

2,040,000

2,400,000

2,760,000

3,174,000

Shares

Shares

Shares

Shares

Gross Proceeds of Stock Offering	
\$20,400	
\$24,000	
\$27,600	
\$31,740	
Market Value of Shares Issued in the Exchange	
\$13,401	
\$15,766	
\$18,131	
\$20,851	
Pro Forma Market Capitalization	
\$33,801	
\$39,766	
\$45,731	
\$52,591	
Estimated Net Proceeds	
\$18,754	
\$22,198	
\$25,643	
\$29,604	
Pro Forma Net Income	
\$812	
\$807	
\$800	
\$795	
Pro Forma Net Income Per Share	
\$0.26	
\$0.22	
\$0.19	
\$0.17	
Pro Forma Stockholders' Equity	
\$46,743	
\$49,755	
\$52,768	
\$56,232	
Less: Intangible Assets	
0	
0	
0	
0	
Pro Forma Tangible Stockholders' Equity	
\$46,743	
\$49,755	
\$52,768	
\$56,232	
Pro Forma Stockholders' Equity Per Share	
\$13.83	
\$12.51	
\$11.54	
\$10.69	

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Pro Forma Tangible Stockholders' Equity Per Share

\$13.83

\$12.51

\$11.54

\$10.69

Offering Price to Pro Forma Net Income Per Share

10.0x

11.9x

13.9x

15.6x

Offering Price / Pro Forma Stockholders' Equity Per Share

72.31%

79.93%

86.66%

93.55%

Offering Price / Pro Forma Tangible Stockholders' Equity Per Share

72.31%

79.93%

86.66%

93.55%

Pro Forma Tangible Equity / Tangible Assets

14.75%

15.55%

16.34%

17.22%

Exchange Ratio

3.1458

3.7009

4.2560

4.8944

Equivalent Per Share Current Market Price

(1)

\$31.45

\$37.00

\$42.56

\$48.94

At or for the Three Months Ended September 30, 2009

Based Upon the Sale at \$10.00 Per Share of

(Dollars in Thousands, except per share amounts)

(1) Represents the value of shares of Eagle Montana common stock received in the conversion by a holder of one share of Eagle Bancorp at the exchange ratio, assuming the market price of \$10.00 per share.

Attractive Relative Valuation

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The following information is based on the independent appraisal
by Feldman Financial Advisors, Inc.

Source: SNL Financial as of March 18, 2010

Price/

Core

Book

Tangible Book

Earnings

Value
Value
Minimum
9.8x
72.31%
72.31%
Midpoint
11.6x
79.94%
79.94%
Maximum
13.5x
86.66%
86.66%
Maximum, as Adjusted
15.6x
93.55%
93.55%
Feldman Financial
Peer Average
25.6x
89.51%
91.61%
Peer Group
Peer Median
16.0x
93.22%
93.72%
High Performance
Peer Average
16.0x
89.46%
106.79%
Peer Group
Peer Median
11.3x
99.85%
102.87%