

Edgar Filing: EAGLE BANCORP/MT - Form DEF 14A

EAGLE BANCORP/MT
Form DEF 14A
September 13, 2002

EAGLE BANCORP
1400 Prospect Avenue
Helena, Montana 59601
(406) 442-3080

September 13, 2002

Dear Stockholder:

You are invited to attend the 2002 Annual Meeting of Stockholders (the "Annual Meeting") of Eagle Bancorp, the stock holding company for American Federal Savings Bank (the "Bank"). The Annual Meeting is scheduled to be held on Thursday, October 17, 2002, at 10:00 a.m., Montana time at the main office of the Bank, located at 1400 Prospect Avenue, Helena, Montana.

The attached Notice of Annual Meeting and Proxy Statement describes the proposals to be voted on at the Annual Meeting. The Board of Directors of Eagle Bancorp has determined the approval of the proposals is in the best interests of Eagle Bancorp and its stockholders. Therefore, the Board unanimously recommends that you vote in favor of all proposals and in favor of the Board's nominees for director. Members of the Board and officers of Eagle Bancorp and Eagle Bancorp's independent auditors will be present at the Annual Meeting to respond to any questions that you may have regarding the agenda for the Annual Meeting.

PLEASE SIGN AND RETURN THE ENCLOSED PROXY CARD PROMPTLY. YOUR COOPERATION IS APPRECIATED SINCE A MAJORITY OF THE COMMON STOCK OUTSTANDING MUST BE REPRESENTED EITHER IN PERSON OR BY PROXY TO CONSTITUTE A QUORUM FOR THE CONDUCT OF BUSINESS AT THE ANNUAL MEETING.

On behalf of the Board of Directors and all of the employees of Eagle Bancorp, I wish to thank you for all your support and interest. We look forward to seeing you at the Annual Meeting.

Sincerely yours,

/s/ Larry A. Dreyer

Larry A. Dreyer
President and CEO

EAGLE BANCORP
1400 Prospect Avenue
Helena, MT 59601
(406) 442-3080

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON OCTOBER 17, 2002

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Eagle Bancorp ("Eagle" or the "Company") will be held at the home office of American Federal Savings Bank located at 1400 Prospect Avenue, Helena, Montana on Thursday, October 17, 2002, at 10:00 a.m. Montana time, for the following purposes, as more completely set forth in the accompanying Proxy Statement:

Edgar Filing: EAGLE BANCORP/MT - Form DEF 14A

I. To elect two (2) directors of the Company for three year terms.

II. To ratify the appointment by the Company's Board of Directors of the firm of Anderson ZurMuehlen & Co, P.C. as independent public accountants for the Company for the fiscal year ending June 30, 2003.

III. To transact such other business as may properly come before the meeting. Except with respect to procedural matters incident to the conduct of the meeting, management of Eagle is not aware of any matters other than those set forth above which may properly come before the meeting.

The Board of Directors of Eagle has fixed the close of business on Tuesday, September 3, 2002, as the voting record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting. Only those stockholders of record as of the close of business on that date will be entitled to vote at the Annual Meeting.

BY ORDER OF THE BOARD OF
DIRECTORS

/s/ Larry A. Dreyer

Larry A. Dreyer
President & CEO

September 13, 2002
Helena, Montana

YOUR VOTE IS IMPORTANT. YOU ARE URGED TO COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD PROMPTLY IN THE ENVELOPE PROVIDED. IF YOU ATTEND THE ANNUAL MEETING YOU MAY VOTE EITHER IN PERSON OR BY YOUR PROXY. ANY PROXY GIVEN MAY BE REVOKED BY YOU IN WRITING OR IN PERSON AT ANY TIME PRIOR TO THE EXERCISE THEREOF. PROXIES MUST BE RECEIVED PRIOR TO THE COMMENCEMENT OF THE MEETING.

EAGLE BANCORP

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS
OCTOBER 17, 2002

This Proxy Statement is being furnished to the holders of the common stock, par value \$0.01 per share ("Common Stock"), of Eagle Bancorp ("Eagle" or the "Company"), in connection with the solicitation of proxies by the Board of Directors for use at the 2002 Annual Meeting of Stockholders ("Annual Meeting") to be held on Thursday, October 17, 2002, at the home office of American Federal Savings Bank located at 1400 Prospect Avenue, Helena, Montana at 10:00 a.m. Montana time, for the purposes set forth in the attached Notice of Annual Meeting of Stockholders. This Proxy Statement is first being mailed to stockholders on or about September 13, 2002.

MATTERS TO BE CONSIDERED AND ACTED UPON AT THE ANNUAL MEETING

Edgar Filing: EAGLE BANCORP/MT - Form DEF 14A

Each proxy solicited hereby, if properly signed and returned to Eagle and not revoked prior to its use, will be voted in accordance with the instructions indicated on the proxies. If no contrary instructions are given, each signed proxy received will be voted in favor of the election of Ms. Hartzog and Mr. Dreyer, in favor of the ratification of Anderson ZurMuehlen & Co., P.C. and in the discretion of the proxy holder, as to any other matter which may properly come before the Annual Meeting. Only proxies that are returned can be counted and voted at the Annual Meeting.

SOLICITATION OF PROXIES

All costs of the solicitation of proxies will be borne by Eagle. In addition, directors, officers and other employees of Eagle or American Federal Savings Bank (the "Bank" or "American Federal") may solicit proxies personally or by telephone or other means without additional compensation. Eagle will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of Common Stock.

REVOCAION OF PROXIES

A stockholder who has given a proxy may revoke it at any time prior to its exercise at the Annual Meeting by (i) giving written notice of revocation to the Secretary of Eagle, (ii) properly submitting to Eagle a duly-executed proxy bearing a later date, or (iii) attending the Annual Meeting and voting in person. All written notices of revocation and other communications with respect to revocation of proxies should be addressed as follows: Eagle Bancorp, 1400 Prospect Avenue, Helena, Montana 59601, Attention: Terey Artz. Proxies solicited hereby may be exercised only at the Annual Meeting and will not be used for any other meeting.

VOTING SECURITIES

The securities that may be voted at the Annual Meeting consists of shares of Common Stock, with each share entitling its owner to one vote on all matters to be voted on at the Annual Meeting. Only holders of record of Common Stock at the close of business on September 3, 2002 (the "Record Date"), will be entitled to notice of and to vote at the Annual Meeting. On the Record Date there were 1,206,472 shares of Common Stock issued and outstanding and 648,493 shares of Common Stock, or 53.8% of the issued and outstanding Common Stock, are held

1

by Eagle Financial MHC, Eagle's mutual holding company. Eagle had no other class of securities outstanding at this time.

The presence in person or by proxy of the holders of at least a majority of the total number of shares of Common Stock entitled to vote is necessary to constitute a quorum at the Annual Meeting. With respect to any matter, any shares for which a broker indicates on the proxy that it does not have discretionary authority as to such shares to vote on such matter ("Broker Non-Votes") will be considered present for the purposes of determining whether a quorum is present. In the event there are not sufficient votes for a quorum or to approve or ratify any proposal at the time of the Annual Meeting, the Annual Meeting shall be adjourned in order to permit further solicitation of proxies.

VOTING PROCEDURES

Once a quorum has been established, the affirmative vote of a majority of

Edgar Filing: EAGLE BANCORP/MT - Form DEF 14A

the outstanding shares of Common Stock present or represented by proxy at the Annual Meeting is required to approve the proposals described in this proxy statement, except as described below. Additionally, directors can be elected by a plurality of stockholders. Stockholders are not permitted to cumulate their votes for the election of directors or any other purpose. Votes may be cast for or withheld from each nominee for election as directors. Votes that are withheld and Broker Non-Votes will have no effect on the outcome of the election for directors because directors will be elected by a plurality of votes cast.

With respect to the other proposals to be voted upon at the Annual Meeting, stockholders may vote for or against a proposal and may abstain from voting. Ratification of Anderson ZurMuehlen & Co., P.C. as independent auditors for the fiscal year ending June 30, 2003, will require the affirmative vote of a majority of the outstanding shares of Common Stock present in person or by proxy at the Annual Meeting and entitled to vote. Abstentions and Broker Non-Votes will have the same effect as a vote against this proposal.

The Company's Annual Report to Stockholders, which includes its annual report on Form 10-KSB for its fiscal year ended June 30, 2002, is mailed herewith to stockholders. The Company has filed this report with the Securities and Exchange Commission (the "SEC"). Stockholders may obtain, free of charge, an additional copy of the annual report on Form 10-KSB by requesting it by telephone or in writing from Terey Artz, Eagle Bancorp, 1400 Prospect Avenue, Helena, Montana 59601, (406) 442-3080.

Executed, unmarked proxies will be voted FOR all proposals. Except for procedural matters incidental to conduct of the Annual Meeting, the Company knows of no other matters expected to come before the meeting.

Proxies solicited hereby are to be returned to the Company's transfer agent, Registrar & Transfer Company. The Board of Directors has designated Terey Artz, corporate secretary, to act as Inspector of Election and tabulate votes at the Annual Meeting. After the final adjournment of the Annual Meeting, the proxies will be returned to the Company.

BENEFICIAL OWNERSHIP OF COMMON STOCK

The following table sets forth information as of June 30, 2002, except as specifically noted, with respect to ownership of the Company's Common Stock by: (i) Eagle Financial MHC, the company's mutual holding company; (ii) the American Federal Savings Bank Employee Stock Ownership Plan (the "ESOP"); (iii) the executive officers and directors of the Company; and (iv) all the directors and executive officers of the Company as a group. Except for those listed below, Eagle has no knowledge of any other person (including any "group" as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) who owns beneficially more than 5% of the Common Stock.

Name -----	Title or Address -----	Number (2) -----	Common Beneficiall -----
Eagle Financial MHC	1400 Prospect Avenue Helena, MT 59601	648,493	

Edgar Filing: EAGLE BANCORP/MT - Form DEF 14A

Jeffrey S. Halis	500 Park Avenue, Fifth Floor New York, NY 10022	66,400
Kenneth R. Lehman and Joan Abercrombie Lehman	1408 Abingdon Street Arlington, VA 22207	60,678
American Federal Savings Bank Employee Stock Ownership Plan	1400 Prospect Avenue Helena, MT 59601	36,806
Robert L. Pennington	Chairman of the Board	17,400 (3) (4) (7)
Charles G. Jacoby	Vice Chairman of the Board	14,900 (7)
Don O. Campbell	Director	7,400 (7)
Larry A. Dreyer	Director, President and Chief Executive Officer	23,129 (4) (7) (8)
Teresa L. Hartzog	Director	12,400 (7)
James A. Maierle	Director	14,900 (5) (7)
Thomas J. McCarvel	Director	9,400 (7)
Peter J. Johnson	Senior Vice President/Treasurer	15,932 (4) (6) (7)
Michael C. Mundt	Senior Vice President/Lending	8,380 (4) (7) (8)
Joanne Y. Sanderson	Senior Vice President/Operations	20,818 (4) (7) (8)
Directors and Executive Officers as a group (10 persons)	N/A	144,659

-
- (1) Except as otherwise noted, all beneficial ownership by directors and executive officers is direct and each director or executive officer exercises sole voting and investment power over the shares.
 - (2) Reflects information provided by these persons, filings made by these persons with the Securities and Exchange Commission, and other information known to Eagle.
 - (3) Includes 5,000 shares held jointly by Mr. Pennington and his spouse. Mr. Pennington has shared voting and investment power over these 5,000 shares.
 - (4) Includes Common Stock held by each Executive Officer and Mr. Pennington in the Bank's Non-Contributory Profit Sharing Plan.
- (FOOTNOTES CONTINUED ON NEXT PAGE)

(FOOTNOTES CONTINUED FROM PREVIOUS PAGE)

- (5) Includes 5,000 shares held by Rosmar, Inc. for which Mr. Maierle, as President of Rosmar, Inc., has shared voting and investment power.
 - (6) Includes 50 shares held by children.
 - (7) Includes total shares awarded under the Company's Stock Incentive Plan approved by shareholders on October 19, 2000. Shares were awarded January 2001 and vest evenly over a five year period.
 - (8) Includes Common Stock held in the Bank's ESOP.
- * Represents less than 1% of outstanding shares.

Edgar Filing: EAGLE BANCORP/MT - Form DEF 14A

PROPOSAL I - ELECTION OF DIRECTORS

The Company's Bylaws provide that the Board of Directors be composed of seven (7) members, whose terms are divided into three approximately equal classes. The members of each class are elected for a term of three years. One class is elected annually.

Two directors will be elected at the Annual Meeting. The Board of Directors has nominated current directors Teresa L. Hartzog and Larry A. Dreyer for re-election. If elected, Ms. Hartzog and Mr. Dreyer will each serve as director for a three year term expiring at the Annual Meeting to be held in 2005.

The Board of Directors acts as Eagle's Nominating Committee and determines management nominees for election as directors. The Bylaws also allow stockholders to submit nominations in writing directly to the Corporate Secretary of the Company not fewer than five (5) days prior to the date of the Annual Meeting. No stockholder nominations have been received by the Company. There are no arrangements known to management between the persons named and any other person pursuant to which such nominees were selected.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE ABOVE NOMINEES FOR DIRECTOR UNDER THIS PROPOSAL I.

The persons named in the enclosed proxy intend to vote for the election of the named nominees, unless the proxy is marked by the stockholder to the contrary. Eagle Financial MHC, which owns a majority of the Company's common stock, also intends to vote its shares in favor of the named nominee. If any nominee is unable to serve, all valid proxies will be voted for the election of such substitute as the Board of Directors may recommend. The Board of Directors knows of no reason why any nominee might be unable to serve.

The following table sets forth certain information as of June 30, 2002, with respect to each nominee, and each director continuing in office.

NAME	AGE	DIRECTOR SINCE (1)
----	---	-----
BOARD NOMINEES		

TERESA L. HARTZOG	71	1993

Ms. Hartzog is retired. She was formerly employed by the Leaphart law firm where she served as office manager and a legal secretary.

NAME	AGE	DIRECTOR SINCE (1)
------	-----	--------------------

Edgar Filing: EAGLE BANCORP/MT - Form DEF 14A

LARRY A. DREYER 56 1990

Mr. Dreyer is currently President (since 1993) and Chief Executive Officer (since 1995) of American Federal. He is also President and CEO of Eagle. He joined American Federal Savings Bank in 1973, serving as its Controller. He is a member and past president of the Downtown Helena Kiwanis Club and past chairman of both the St. Peter's Hospital Foundation and Diocese of Helena Finance Council. He is also a member of the Independent Community Bankers of America, National Bank Services Committee.

DIRECTORS CONTINUING IN OFFICE

DON O. CAMPBELL 68 1994

Mr. Campbell is a retired certified public accountant and previously served as Vice President and Controller of Capri, Inc., an investment management company located in Helena.

CHARLES G. JACOBY 70 1979

Mr. Jacoby is retired. He formerly owned a retail clothing establishment in Helena. He serves as Vice Chairman of the Board.

ROBERT L. PENNINGTON 70 1973

Mr. Pennington is the Chairman of Eagle. He was previously the President and Chief Executive Officer of American Federal Savings Bank from 1974 through 1995, when he retired. He has served as Chairman of American Federal since 1993.

THOMAS J. MCCARVEL 53 1998

Mr. McCarvel currently serves as a Vice President of Carroll College in Helena. He was previously the Chief Operating Officer of Anderson ZurMuehlen & Co., P.C., a public accounting firm in Helena, Montana, and Eagle and American Federal's independent auditors.

JAMES A. MAIERLE 54 1997

Mr. Maierle currently serves as President of Morrison-Maierle, Inc., a civil engineering corporation, headquartered in Helena.

(FOOTNOTES ON NEXT PAGE)

(1) Includes prior service on the Board of Directors of American Federal Savings Bank.

(2) All terms expire on the date of the Annual Meeting.

BOARD MEETINGS AND COMMITTEES

Edgar Filing: EAGLE BANCORP/MT - Form DEF 14A

The business of the Company's and the Bank's Board of Directors is conducted through meetings once a month and may have additional meetings. During the fiscal year ended June 30, 2002, the Board met twelve times. All Directors who served as directors during the fiscal year ended June 30, 2002, attended at least 75% of Board meetings. All committee members attended at least 75% of the meetings of their respective committees. Certain of the standing committees are discussed:

REPORT OF THE AUDIT COMMITTEE

The Audit Committee consists of three (3) non-employee directors and met nine (9) times during the fiscal year ended June 30, 2002. The Audit Committee chairmanship is rotated between Mr. Jacoby and Mr. Campbell in alternating years. The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its responsibility for oversight of the quality and integrity of the Company's financial reporting process.

The Audit Committee has adopted a charter which was attached to the proxy statement for the 2001 Annual Meeting of Stockholders. The charter describes the Committee's principal duties and responsibilities including:

- o Oversight and review of the annual financial reporting process (including regulatory financial reporting);
- o Oversight and review of the system of internal controls and safeguards;
- o Oversight of the adequacy and integrity of the Company's financial information; and
- o Maintenance of an open avenue of communication between the Board of Directors, senior management, internal auditors, and the Company's independent public accountants and permit auditors and internal auditors to meet with the Audit Committee without the presence of management.

The Audit Committee is independent in accordance with the amended issuer rules of the NASD. The Audit Committee Charter is reviewed annually. In addition, the Audit Committee has taken the following actions:

- o Reviewed and discussed the Company's audited financial statements for the 2002 fiscal year with the management of the Company.
- o Discussed with the Company's independent auditors the matters required to be discussed under SAS 61, as amended (Codification of Statements on Auditing Standards).
- o Received written disclosures and the letter from its independent auditors required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, "Independence Discussions With Audit Committees).

Based upon the foregoing, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 2002, to be filed with the SEC.

Edgar Filing: EAGLE BANCORP/MT - Form DEF 14A

For the year ended June 30, 2002, the Company paid its independent auditors Anderson ZurMuehlen & Co., P.C., and related affiliates, approximately \$38,000 for audit services, including unaudited review of financial statements in the quarterly reports to shareholders on Form 10-QSB filed with the Securities and Exchange Commission and corporate tax return preparation and \$20,747 for other non-audit services. These non-audit services consisted primarily of employee benefit services and computer software. The Audit Committee has concluded that the providing of these non-audit services did not adversely impact the independence of Anderson ZurMuehlen & Co., P.C.

Don O. Campbell, Chairman
Charles G. Jacoby
Robert L. Pennington

COMPENSATION COMMITTEE. The Compensation Committee met once in fiscal 2002. It reviews and discusses employee performance and prepares recommendations for annual salary adjustments and bonuses. This committee currently consists of Messrs. Pennington and Campbell and Ms. Hartzog.

THE INVESTMENT COMMITTEE. The Investment Committee consists of Directors Dreyer, Jacoby and Maierle, as well as executive officers Johnson and Mundt. The Investment Committee meets at least quarterly in order to review investment performance and strategy. The Investment Committee met four (4) times during the year ended June 30, 2002.

THE ASSET LIABILITY MANAGEMENT COMMITTEE. The Asset Liability Management Committee consists of Directors Pennington and Dreyer as well as executive officers Johnson and Mundt. The Asset Liability Management Committee meets at least quarterly to review American Federal's policies concerning interest rate risk and loan and deposit rates. It met four (4) times during the year ended June 30, 2002.

DIRECTORS' COMPENSATION

During fiscal 2002, each director, except for the Chairman of the Board, was paid an annual fee of \$12,000. The Chairman of the Board receives an annual fee of \$19,800. Also, each non-employee director, other than the Chairman of the Board, was paid \$130 for each committee meeting attended. The total fees paid to the directors of Eagle for the year ended June 30, 2002, were \$96,900. Eagle has no other director compensation plans or director deferred compensation plans other than the Stock Incentive Plan approved at the annual meeting in 2000. Each director of the Company also serves as a director of American Federal and Eagle Financial MHC. Directors do not receive additional compensation for their service on the boards of American Federal or Eagle Financial MHC.

7

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE. The following table sets forth the cash and non-cash compensation awarded to or earned by Larry A. Dreyer in each of the last two fiscal years. No other executive officer of Eagle or American Federal served as President or earned a total salary and bonus in excess of \$100,000 during these two fiscal years.

Edgar Filing: EAGLE BANCORP/MT - Form DEF 14A

NAME AND POSITION	ANNUAL COMPENSATION				LONG-
	AS OF JUNE 30	SALARY	BONUS	OTHER ANNUAL COMPENSATION (1)	COMPENS RESTR STOCK A
Larry A. Dreyer	2002	\$115,700	\$9,835	\$12,000	\$0
President and Chief Executive Officer	2001	\$112,000	\$7,840	\$12,000	\$55

-
- (1) Represents compensation for serving on the board of directors of Eagle Bancorp in fiscal 2002.
 - (2) On October 19, 2000, shareholders of the company approved the 2000 Eagle Bancorp Stock Incentive Plan (the "Plan"). Under the Plan, certain employees of the Bank and directors are eligible to receive stock related benefits, including stock options and restricted stock. Under the Plan, the Board made restricted stock awards available to all nonemployee members of the Board and to certain officers, including Messrs. Dreyer, Johnson, Mundt and Ms. Sanderson. The restricted stock vests over a five year period at a rate of 20% per year. The value of shares when awarded was determined by multiplying the closing price (\$11.50) of the Common Stock on January 18, 2001, the date the of the award, by the number of shares awarded. No shares have vested to date.
 - (3) For fiscal 2002 consists of employer contribution to profit sharing plan of \$9,948, \$2,278 for employer 401(k) payments, \$21,324 for employer deferred compensation payments, \$3,089 for ESOP stock, and \$3,362 for various medical and life insurance payments.
-

OPTION GRANTS IN LAST FISCAL YEAR. There were no options granted in fiscal 2002 to Mr. Dreyer or any other employees or directors.

EMPLOYMENT AGREEMENT. American Federal entered into an Employment Agreement with its President, Larry A. Dreyer, effective January 1, 2000. The Employment Agreement has an initial term of three years. The Employment Agreement is terminable by the Bank for cause as defined in the Employment Agreement. If Mr. Dreyer is terminated without cause, he will be entitled to a continuation of his salary plus bonuses and deferred compensation from the date of termination through the remaining term of the Employment Agreement. The aggregate payment made to Mr. Dreyer would be an expense to the Bank and would result in reductions to net income and capital. After the first three years, the Employment Agreement may be renewed annually by the board of directors after a determination of the satisfactory performance of Mr. Dreyer in the Board's sole discretion. If Mr. Dreyer becomes disabled during the term of the Employment Agreement, he would continue to receive payment of 75% of the base salary until he returns to full-time employment at American Federal, reaches age 65, accepts another full-time position with another employer, or upon his death. Such payments shall be reduced by any other benefit payments made under a disability plan in effect for Mr. Dreyer and the Bank's other employees.

NON-CONTRIBUTORY PROFIT SHARING PLAN. Neither Eagle nor American Federal has a pension plan for employees. Instead, the Bank has established a non-contributory profit sharing plan for eligible employees who have completed one year of service with American Federal. The non-contributory plan enables

Edgar Filing: EAGLE BANCORP/MT - Form DEF 14A

American Federal to contribute up to 15% of qualified salaries each year. Typically 8% is contributed. The percentage amount of the contribution is determined by the board of directors each year and is based primarily on profitability for the past

8

year. For the year ended June 30, 2002, the Board authorized profit sharing contributions to Mr. Dreyer of \$9,948 and total contributions of \$158,723.

The Non-Contributory Profit Sharing Plan also allows employees to make contributions to a tax-qualified defined contribution savings plan or an employee owned 401(k) plan. Employees can contribute a portion of their salaries, (up to a maximum of \$11,000 for calendar 2002), to a 401(k) plan. Eagle's board of directors has the authority to match up to a maximum of 50% of an employee's contribution provided that the matching amount does not exceed 2.0% of such employee compensation. For the year ended June 30, 2002, the Bank contributed \$2,278 to Mr. Dreyer's 401(k) program and \$31,399 in total to the 401(k) program.

SALARY CONTINUATION AGREEMENT. Another benefit offered by American Federal is a program to increase overall retirement benefits for employees to levels which more closely approximate those in comparable businesses. American Federal consulted with independent compensation consultants and developed a plan to supplement retirement benefits. The plan American Federal adopted covers eight of its senior officers, including Mr. Dreyer and all senior vice presidents and vice presidents. It is a non-qualified retirement plan which is designated the American Federal Savings Bank Salary Continuation Agreement (the "Salary Continuation Agreement"). Under the Salary Continuation Agreement, each officer receives a fixed retirement benefit based on his or her years of service with American Federal. This plan is funded by insurance policies owned by American Federal. It also provides for partial payments in the event of early retirement, death or disability. In Mr. Dreyer's case, if he retires at age 65, the Salary Continuation Agreement provides for a lump sum payment of \$414,000, or an annual payment for life of \$45,000. American Federal has purchased life insurance contracts for each covered executive to fund the payments. American Federal Savings Bank recognizes expenses to maintain the plan. For the year ended June 30, 2002, the total expenses were \$78,323.

BONUS PLAN. American Federal also provides a discretionary bonus program ("Bonus Program") for all eligible employees. The Bonus Program is based on the after-tax net profitability of American Federal and is linked specifically to the Bank's return on assets. In the case of non-officer employees, bonus amounts are based on salary levels. Under the Bonus Program, the Bank's return on assets for the period from January through October is used to determine the bonus levels of Bank officers. Officers' bonuses are directly linked to the return on assets. For example, if American Federal Savings Bank produces a return on assets of .90%, then each officer would receive a bonus of 9% of annual base salary. For the year ended June 30, 2002, American Federal Savings Bank paid total bonuses of \$123,528. Mr. Dreyer's bonus during this period was \$9,835.

EMPLOYEE STOCK OWNERSHIP PLAN. In connection with its reorganization to the mutual holding company form of organization, the Bank established the ESOP for employees age 21 or older who have at least one year of credited service with the Bank.

As of June 30, 2002, the ESOP held 36,806 shares of Common Stock. These shares represent shares purchased by the ESOP in the offering. Shares of Common Stock purchased by the ESOP were funded by funds borrowed from Eagle. Shares purchased in the reorganization by the ESOP will be allocated to participants'

Edgar Filing: EAGLE BANCORP/MT - Form DEF 14A

accounts over ten (10) years.

The ESOP is administered by an unaffiliated corporate trustee in conjunction with the ESOP Committee of the Bank. The ESOP trustee must vote all allocated shares held by the ESOP in accordance with the instructions of participating employees. Shares for which employees do not give instructions will be voted by the ESOP trustee.

GAAP requires that any third party borrowing by the ESOP be reflected as a liability on Eagle's statement of financial condition. Since the ESOP is borrowing from Eagle, such obligation is eliminated in consolidation. However, the cost of unallocated shares are treated as a reduction of shareholders' equity.

Contributions to the ESOP and shares released from the suspense account are allocated among ESOP participants on the basis of participants' compensation as it relates to total participant compensation. Employees are fully vested upon completion of seven (7) years of service. Benefits may be payable upon retirement, early retirement, disability, death or separation from service.

9

The ESOP is subject to the requirements of ERISA and regulations of the IRS and the United States Department of Labor.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee determines compensation policy and consists of Directors Pennington, Campbell and Hartzog. Mr. Pennington was formerly Chairman and Chief Executive Officer of the Bank. None of the above are members of a compensation committee of the Board of Directors of any Company.

CERTAIN TRANSACTIONS

No directors, executive officers or immediate family members of such individuals were engaged in transactions with Eagle, American Federal or any subsidiary involving more than \$60,000 (other than through a loan) during the fiscal year ended June 30, 2002. Furthermore, Eagle has no "interlocking" relationships in which any executive officer is a member of the board of directors of another entity, one of whose executive officers are a member of American Federal's board of directors.

American Federal has followed the policy of offering residential mortgage loans for the financing of personal residences, and consumer loans to its officers, directors and employees. Loans are made in the ordinary course of business. They are also made on substantially the same terms and conditions, including interest rate and collateral, as those of comparable transactions prevailing at the time with other persons. These loans do not include more than the normal risk of collectibility or present other unfavorable features. As of June 30, 2002, the aggregate principal balance of loans outstanding to all directors, executive officers and immediate family members of such individuals was approximately \$115,589.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCES

Other than as described below, to the knowledge of the Board and based upon a review of Forms 3 and 4 and amendments thereto furnished to the Company pursuant to Rule 16a-3(e) during the fiscal year ended June 30, 2002, no person who is a director, officer or beneficial owner of 10% of the Common Stock failed to file on a timely basis, the reports required by Section 16(a) of the

Edgar Filing: EAGLE BANCORP/MT - Form DEF 14A

Securities Exchange Act. Each member of the Board of Directors and Messrs. Johnson and Mundt and Ms. Sanderson filed a Form 4 to reflect an award of restricted stock granted in 2001 under the 2000 Eagle Bancorp Stock Incentive program. The Form 4 filing occurred in February 2002.

PROPOSAL II - RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

For the fiscal year beginning July 1, 2001, the Board of Directors of the Company appointed the firm of Anderson ZurMuehlen & Co., P.C., Certified Public Accountants, to act as independent auditors for the Company for the fiscal year ended June 30, 2002. Stockholders ratified that action. The Board has determined to reappoint Anderson ZurMuehlen & Co., P.C. to act as independent auditors for the fiscal year ending June 30, 2003. A representative of Anderson ZurMuehlen & Co., P.C. will be present at the Annual Meeting, will be given an opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions. Eagle Financial MHC intends to vote its shares of Common Stock in favor of the ratification of the appointment of Anderson ZurMuehlen & Co., P.C.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF Anderson ZurMuehlen & Co., P.C. AS THE COMPANY'S INDEPENDENT AUDITORS FOR FISCAL 2003 UNDER THIS PROPOSAL II.

10

OTHER BUSINESS

As of the date of this Proxy Statement, the Board of Directors of the Company knows of no matters to be brought before the Annual Meeting other than procedural matters incident to the conduct of the Annual Meeting. If further business is properly presented, the proxy holders will vote proxies, as determined by a majority of the Board of Directors.

STOCKHOLDER PROPOSALS FOR 2003 ANNUAL MEETING

Pursuant to the proxy solicitation regulations of the Securities and Exchange Commission (the "SEC"), any shareholder proposal intended for inclusion in the Company's proxy statement and form of proxy related to the Company's 2003 Annual Meeting of stockholders must be received by the Company by May 19, 2003, pursuant to the proxy solicitation regulations of the Securities and Exchange Commission. Nothing in this paragraph shall be deemed to require the Company to include in its proxy statement and form of proxy any stockholder proposal which does not meet the requirements of the Securities and Exchange Commission in effect at that time.

WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE ANNUAL MEETING, YOU ARE URGED TO RETURN YOUR PROXY CARD PROMPTLY. IF YOU ARE THEN PRESENT AT THE ANNUAL MEETING AND WISH TO VOTE YOUR SHARES IN PERSON, YOUR ORIGINAL PROXY MAY BE REVOKED BY VOTING AT THE ANNUAL MEETING. HOWEVER, IF YOU ARE A STOCKHOLDER WHOSE SHARES ARE NOT REGISTERED IN YOUR OWN NAME, YOU WILL NEED APPROPRIATE DOCUMENTATION FROM YOUR RECORDHOLDER TO VOTE PERSONALLY AT THE ANNUAL MEETING.

By Order of the Board of Directors

/s/ Larry A. Dreyer

Larry A. Dreyer
President and CEO

Edgar Filing: EAGLE BANCORP/MT - Form DEF 14A

Helena, Montana
September 13, 2002

11

/X/ PLEASE MARK VOTES REVOCABLE PROXY ---
AS IN THIS EXAMPLE EAGLE BANCORP

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF
DIRECTORS OF EAGLE BANCORP TO BE USED AT THE ANNUAL
MEETING OF STOCKHOLDERS ON OCTOBER 17, 2002

The undersigned being a stockholder of Eagle Bancorp hereby appoints Charles G. Jacoby and Robert L. Pennington, or each of them, with full power of substitution in each, as proxies to cast all votes which the undersigned stockholder is entitled to cast at the Annual Meeting of Stockholders to be held at 10:00 a.m., Montana Time, on October 17, 2002, at 1400 Prospect Avenue, Helena, Montana 59601, and any adjournments thereof. The undersigned stockholder hereby revokes any proxy or proxies heretofore given.

	For	With- hold	For All Except
1. Election of two directors for three year terms each.	/ /	/ /	/ /

NOMINEES: TERESA L. HARTZOG AND LARRY A. DREYER

INSTRUCTION: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, MARK "FOR ALL EXCEPT" AND WRITE THAT NOMINEE'S NAME IN THE SPACE PROVIDED BELOW.

	For	Against	Abstain
2. Ratification of the appointment of Anderson ZurMuehlen & Co., P.C., Certified Public Accountants, as Eagle Bancorp's independent auditors for the fiscal year ending June 30, 2003.	/ /	/ /	/ /

PLEASE CHECK BOX IF YOU PLAN TO ATTEND THE MEETING. ----- / /

In their discretion the proxies are authorized to vote with respect to approval of the minutes of the last meeting of stockholders, matters incident to the conduct of the meeting, and upon such other matters as may properly come before the meeting.

IF SIGNED AND RETURNED THIS PROXY WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED FOR THE NOMINEES UNDER PROPOSAL I AND FOR THE AUDITORS UNDER PROPOSAL II.

Please be sure to sign and date Date
this Proxy in the box below.

Edgar Filing: EAGLE BANCORP/MT - Form DEF 14A

--- Stockholder sign above --- Co-holder (if any) sign above ---

DETACH ABOVE CARD, SIGN, DATE AND MAIL IN POSTAGE PAID ENVELOPE PROVIDED.
EAGLE BANCORP

Please date this Revocable Proxy and sign, exactly as your name(s) appears on your stock certificate. If signing as a fiduciary, please give your full title. If you receive more than one proxy card, please sign and return all cards in the accompanying envelope. Please check your mailing address as it appears on this Revocable Proxy. If it is inaccurate, please include your correct address below.

PLEASE ACT PROMPTLY
SIGN, DATE & MAIL YOUR PROXY CARD TODAY

IF YOUR ADDRESS HAS CHANGED, PLEASE CORRECT THE ADDRESS IN THE SPACE PROVIDED BELOW AND RETURN THIS PORTION WITH THE PROXY IN THE ENVELOPE PROVIDED.

