EAGLE BANCORP/MT
Form 10QSB
May 12, 2003

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

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2003

[ ] 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	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
(Issuer's telephone number)

Website address: www.americanfederalsavingsbank.com

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. 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	1,209,772 shares outstanding

As of May 12, 2003

Transitional Small Business Disclosure Format (Check one): Yes [ ] No [X]

EAGLE BANCORP AND SUBSIDIARY

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EAGLE BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	March 31, 2003 (Unaudited)	June 30, 2002 (Audited)
ASSETS		
Cash and due from banks	$ 2,128,977	$ 2,836,853
Interest-bearing deposits with banks	10,303,424	7,786,136
Total cash and cash equivalents	12,432,401	10,622,989
Investment securities available-for-sale, at market value	65,205,284	50,153,872
Investment securities held-to-maturity, at amortized cost	2,952,631	3,875,124
Federal Home Loan Bank stock, at cost	1,664,600	1,586,200
Mortgage loans held-for-sale	3,664,387	1,352,121
Loans receivable, net of deferred loan fees and allowance for loan losses	100,556,799	105,623,213
Accrued interest and dividends receivable	979,553	998,378
Mortgage servicing rights, net	2,015,492	1,588,318
Property and equipment, net	6,334,019	6,291,382
Cash surrender value of life insurance	2,321,586	2,244,453
Real estate acquired in settlement of loans, net of allowance for losses	-	-
Other assets	503,058	245,417
Total assets	$ 198,629,810	$ 184,581,467

See accompanying notes to consolidated financial statements.

EAGLE BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Continued)

	March 31, 2003 (Unaudited)	June 30, 2002 (Audited)
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposit accounts:		
Noninterest bearing	$ 7,658,980	$ 6,835,235
Interest bearing	156,134,668	144,769,504
Advances from Federal Home Loan Bank	9,268,889	9,343,889
Accrued expenses and other liabilities	2,126,998	1,929,962
Total liabilities	175,189,535	162,878,590

Stockholders' Equity:		
Preferred stock (no par value, 1,000,000 shares authorized, none issued or outstanding)	-	-
Common stock (par value $0.01 per share; 10,000,000 shares authorized; 1,223,572 shares issued; 1,209,772 and 1,208,172 outstanding at March 31, 2003 and June 30, 2002, respectively)	12,236	12,236
Additional paid-in capital	3,933,381	3,885,903
Unallocated common stock held by employee stock ownership plan ("ESOP")	(248,448)	(276,048)
Treasury stock, at cost (13,800 and 15,400 shares at March 31, 2003 and June 30, 2002, respectively)	(188,715)	(180,950)
Retained earnings	19,525,633	17,957,601
Accumulated other comprehensive income	406,188	304,135
Total stockholders' equity	23,440,275	21,702,877
Total liabilities and stockholders' equity	$ 198,629,810	$ 184,581,467

See accompanying notes to consolidated financial statements.

EAGLE BANCORP AND SUBSIDIARY
QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended March 31,		N
	2003	2002	
	(Unaudited)		
Interest and Dividend Income:			
Interest and fees on loans	$ 1,883,542	$ 2,165,050	$ 5
Interest on deposits with banks	25,361	27,851	
FHLB Stock dividends	27,253	22,787	
Securities available-for-sale	575,233	430,175	1
Securities held-to-maturity	39,540	67,377	
Total interest and dividend income	2,550,929	2,713,240	7
Interest Expense:			
Deposits	875,780	1,044,883	2
FHLB Advances	143,070	144,716	

Total interest expense	1,018,850	1,189,599	3
Net Interest Income	1,532,079	1,523,641	4
Loan loss provision	-	-	
Net interest income after loan loss provision	1,532,079	1,523,641	4
Noninterest income:			
Net gain on sale of loans	574,976	324,974	1
Demand deposit service charges	121,512	127,025	
Mortgage loan servicing fees	110,834	83,542	
Net gain (loss) on sale of available-for-sale securities	20,435	14,653	
Other	97,173	102,647	
Total noninterest income	924,930	652,841	2

See accompanying notes to consolidated financial statements.

EAGLE BANCORP AND SUBSIDIARY
QUARTERLY CONSOLIDATED STATEMENTS OF INCOME
(Continued)

	Three Months Ended March 31,		N
	2003	2002	
	(Unaudited)		
Noninterest expense:			
Salaries and employee benefits	756,254	745,396	2
Occupancy expenses	125,943	120,654	
Furniture and equipment depreciation	51,139	71,554	
In-house computer expense	60,935	55,614	
Advertising expense	34,676	20,439	
Amortization of mtg servicing fees	173,306	76,820	
Federal insurance premiums	6,514	6,221	
Postage	34,016	34,752	
Legal, accounting, and examination fees	40,372	33,769	
Consulting fees	16,936	3,920	
ATM processing	10,587	11,004	
Other	199,402	182,819	
Total noninterest expense	1,510,080	1,362,962	4

Income before provision for income taxes	946,929	813,520	2
Provision for income taxes	320,560	270,040	
Net income	$ 626,369	$ 543,480	$ 1
Basic earnings per share	$ 0.53	$ 0.46	$
Diluted earnings per share	$ 0.53	$ 0.46	$
Weighted average shares outstanding (basic eps)	1,176,940	1,171,683	1
Weighted average shares outstanding (diluted eps)	1,191,762	1,187,952	1

See accompanying notes to consolidated financial statements.

EAGLE BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2003

	PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL
Balance, June 30, 2002	$ -	$ 12,236	$ 3,885,903
Net income (unaudited)	-	-	-
Other comprehensive income (unaudited)	-	-	-
Total comprehensive income (unaudited)	-	-	-
Dividends paid ($.39 per share) (unaudited)	-	-	-
Restricted stock plan shares allocated (4,600 shares)	-	-	-
Treasury stock purchased (1,700 shares @ $19.50/sh; 1,300 shares @ $22.05/sh) (unaudited)	-	-	-
ESOP shares allocated or committed to be released for allocation (3,450 shares) (unaudited)	-	-	47,478

Balance, March 31, 2003 (unaudited)	$ -	$ 12,236	$ 3,933,381
	=========	============	=============

	TREASURY STOCK	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	
Balance, June 30, 2002	$ (180,950)	$ 17,957,601	$ 304,135	$
Net income (unaudited)	-	1,786,124	-	
Other comprehensive income (unaudited)	-	-	102,053	
				-
Total comprehensive income (unaudited)	-	-	-	
				-
Dividends paid ($.39 per share) (unaudited)	-	(218,092)	-	
				-
Restricted stock plan shares allocated (4,600 shares)	54,050	-	-	
Treasury stock purchased (1,700 shares @ $19.50/sh; 1,300 shares @ $22.05/sh) (unaudited)	(61,815)	-	-	
				-
ESOP shares allocated or committed to be released for allocation (3,450 shares) (unaudited)	-	-	-	
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Balance, March 31, 2003 (unaudited)	$ (188,715)	$ 19,525,633	$ 406,188	$
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See accompanying notes to consolidated financial statements.

EAGLE BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Month March 2003 (Unaudi
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 1,786,124
Adjustments to reconcile net income to net cash from operating activities:	
Provision for mortgage servicing rights valuation losses	-

Depreciation	301,897
Net amortization of marketable securities premium and discounts	583,845
Amortization of capitalized mortgage servicing rights	487,835
Gain on sale of loans	(1,381,199)
Net realized (gain) loss on sale of available-for-sale securities	(20,435)
FHLB & other dividends reinvested	(173,699)
Increase in cash surrender value of life insurance	(77,133)
Gain on sale of property & equipment	-
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accrued interest and dividends receivable	18,825
Loans held-for-sale	(894,219)
Other assets	(257,641)
Increase (decrease) in liabilities:	
Accrued expenses and other liabilities	(212,366)
Deferred compensation payable	38,049
Deferred income taxes payable	383,818
Net cash provided by operating activities	583,701
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of securities:	
Investment securities held-to-maturity	-
Investment securities available-for-sale	(28,640,513)
Proceeds from maturities, calls and principal payments:	
Investment securities held-to-maturity	914,518
Investment securities available-for-sale	12,205,549
Proceeds from sales of investment securities available-for-sale	1,052,385

See accompanying notes to consolidated financial statements.

EAGLE BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Continued)

	Nine Month March 2003 (Unaudi
CASH FLOWS FROM INVESTING ACTIVITIES (CONTINUED):	
Net (increase) decrease in loan receivable, excludes transfers to real estate acquired in settlement of loans	4,151,405
Purchase of property and equipment	(344,534)
Proceeds from sale of equipment	-
Net cash used in investing activities	(10,661,190)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net increase in checking and savings accounts	$ 12,188,908

Payments on FHLB advances	(75,000)
Sale (Purchase) of Treasury Stock	(8,915)
Dividends paid	(218,093)
Net cash provided by financing activities	11,886,900
Net increase in cash	1,809,411
CASH AND CASH EQUIVALENTS, beginning of period	10,622,990
CASH AND CASH EQUIVALENTS, end of period	$ 12,432,401
SUPPLEMENTAL CASH FLOW INFORMATION:	
Cash paid during the period for interest	$ 3,252,539
Cash paid during the period for income taxes	$ 1,000,104
NON-CASH INVESTING ACTIVITIES:	
(Increase) decrease in market value of securities available-for-sale	$ (137,660)
Mortgage servicing rights capitalized	$ 915,009

See accompanying notes to consolidated financial statements.

EAGLE BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with instructions for Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. However, such information reflects all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of results for the unaudited interim periods.

The results of operations for the three and nine month periods ended March 31, 2003 are not necessarily indicative of the results to be expected for the fiscal year ending June 30, 2003 or any other period. The unaudited consolidated financial statements and notes presented herein should be read in conjunction with the audited consolidated financial statements and related notes thereto included in Eagle's Form 10-KSB dated June 30, 2002.

EAGLE BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 2. INVESTMENT SECURITIES

Investment securities are summarized as follows:

	March 31, 2003 (Unaudited)			June 30, 2002	
	AMORTIZED COST	GROSS UNREALIZED GAINS (LOSSES)	FAIR VALUE	AMORTIZED COST	GROSS UNREALI GAINS (LO
AVAILABLE-FOR-SALE:					
U.S. government and agency obligations	$ 6,451,839	$ 161,913	$ 6,613,752	$ 6,963,730	$ 70,2
Municipal obligations	4,299,765	95,283	4,395,048	4,301,732	(10,2
Corporate obligations	7,052,795	194,202	7,246,997	8,548,317	177,1
Mortgage-backed securities	20,875,870	121,749	20,997,619	6,505,009	64,9
Mutual Funds	4,670,678	(26)	4,670,652	4,575,378	
Collateralized mortgage obligations	19,200,130	110,702	19,310,832	16,829,068	183,9
Common stock	99,761	(4,814)	94,947	-	
Corporate preferred stock	1,950,052	(74,615)	1,875,437	1,955,215	(10,7
Total	$ 64,600,890	$ 604,394	$ 65,205,284	$ 49,678,449	$ 475,4
HELD-TO-MATURITY:					
Municipal obligation	$ 1,352,326	$ 52,214	$ 1,404,540	$ 1,354,531	$ 37,4
Mortgage-backed securities	1,600,305	66,610	1,666,915	2,520,593	90,1
Total	$ 2,952,631	$ 118,824	$ 3,071,455	$ 3,875,124	$ 127,5

EAGLE BANCORP AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

NOTE 3. LOANS RECEIVABLE

Loans receivable consist of the following:

	March 31, 2003 (Unaudited)	June 30, 2002 (Audited)
First mortgage loans:		
Residential mortgage (1-4 family)	$ 51,929,083	$ 66,958,637
Commercial real estate	19,046,659	9,454,674
Real estate construction	3,260,867	2,931,032
Other loans:		
Home equity	14,527,593	14,235,907
Consumer	9,654,980	10,023,869
Commercial	2,822,419	2,842,782
Total	101,241,601	106,446,901
Less: Allowance for loan losses	(673,354)	(702,705)
Deferred loan fees	(11,448)	(120,983)
Total	$ 100,556,799	$ 105,623,213

Loans net of related allowance for loan losses on which the accrual of interest has been discontinued were $937,000 and $528,000 at March 31, 2003 and June 30, 2002, respectively. Classified assets, including real estate owned, totaled $1.73 million and $1.66 million at March 31, 2003 and June 30, 2002, respectively.

The following is a summary of changes in the allowance for loan losses:

	Six Months Ended March 31, 2003 (Unaudited)	Year ended June 30, 2002 (Audited)
Balance, beginning of period	$ 702,705	$ 688,282
Transfer from interest reserve	-	6,510
Provision charged to operations	-	-
Charge-offs	(35,945)	(27,390)
Recoveries	6,594	35,303

Balance, end of period	$ 673,354	$ 702,705

EAGLE BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 4. DEPOSITS

Deposits are summarized as follows:

	March 31, 2003 (Unaudited)	June 30, 2002 (Audited)
Noninterest checking	$ 7,658,980	$ 6,835,235
Interest-bearing checking	26,072,337	24,908,989
Passbook	24,821,258	22,464,984
Money market	29,206,397	27,568,930
Time certificates of deposit	76,034,676	69,826,601
Total	$ 163,793,648	$ 151,604,739

NOTE 5. EARNINGS PER SHARE

Earnings per share for the three months ended March 31, 2003 is computed using 1,176,940 weighted average shares outstanding. Earnings per share for the nine months ended March 31, 2003 is computed using 1,174,177 weighted average shares outstanding. Diluted earnings per share is computed using the treasury stock method by adjusting the number of shares outstanding by the shares purchased to fund the Company's restricted stock plan. The weighted average shares outstanding for the diluted earnings per share calculations are 1,191,762 for the three months ended March 31, 2003 and 1,190,610 for the nine months ended March 31, 2003. Earnings per share for the three months ended March 31, 2002 is computed using 1,171,683 weighted average shares outstanding. Earnings per share for the nine months ended March 31, 2002 is computed using 1,167,517 weighted average shares outstanding. The weighted average shares outstanding for the diluted earnings per share calculations are 1,187,952 for the three months ended March 31, 2002 and 1,186,273 for the nine months ended March 31, 2002.

NOTE 6. DIVIDENDS AND STOCK REPURCHASE PROGRAM

This fiscal year Eagle has paid three dividends of $0.13 per share, on August 23, 2002, November 15, 2002, and February 14, 2003. Another dividend of $0.13 per share was declared on April 17, 2003, payable May 16, 2003 to stockholders of record on May 2, 2003. Eagle Financial MHC, Eagle's mutual holding company, has waived the receipt of dividends on its 648,493 shares.

EAGLE BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 6. DIVIDENDS AND STOCK REPURCHASE PROGRAM (CONTINUED)

At the annual meeting held October 19, 2000, shareholders approved stock option and restricted stock plans for the Company covering aggregate grants of up to 80,511 and 23,003, respectively. A stock repurchase program was announced on December 21, 2000, covering 4% of the Company's outstanding common stock, with the intent of meeting the needs of the restricted stock plan. On January 18, 2002 and January 21, 2003, 4,600 shares of the restricted stock plan vested and were distributed to the participants. By October 24, 2002, 23,000 shares had been repurchased, completing the repurchase program.

NOTE 7. MORTGAGE SERVICING RIGHTS

The Bank allocates its total cost in mortgage loans between mortgage servicing rights and loans, based upon their relative fair values, when loans are subsequently sold or securitized, with the servicing rights retained. Fair values are generally obtained from an independent third party. Impairment of mortgage servicing rights is measured based upon the characteristics of the individual loans, including note rate, term, underlying collateral, current market conditions, and estimates of net servicing income. If the carrying value of the mortgage servicing rights exceeds the estimated fair market value, a valuation allowance is established for any decline, which is viewed to be temporary. Charges to the valuation allowance are charged against or credited to mortgage servicing income. Periodic independent valuations of the mortgage servicing rights are performed. As a result of valuations performed on September 30, 2001 and May 31, 2002, a temporary decline in the fair value was determined to have occurred, and a valuation allowance of $21,515 has been established. The following schedules show the activity in the mortgage servicing rights and the valuation allowance.

	Six months ended March 31, 2003 (Unaudited)	Twelve months ended June 30, 2002 (Audited)
Mortgage Servicing Rights		
Beginning balance	$ 1,609,833	$ 1,315,819
Servicing rights capitalized	915,009	618,085
Servicing rights amortized	(487,835)	(324,071)
Ending balance	2,037,007	1,609,833
Valuation Allowance		
Beginning balance	21,515	-
Provision	-	21,515
Adjustments	-	-
Ending balance	21,515	21,515

Net Mortgage Servicing Rights	$ 2,015,492	$ 1,588,318

EAGLE BANCORP AND SUBSIDIARY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains certain "forward-looking statements." Eagle Bancorp ("Eagle" or the "Company") desires to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and is including this statement for the express purpose of availing itself of the protections of the safe harbor with respect to all such forward-looking statements. These forward-looking statements, which are included in Management's Discussion and Analysis, describe future plans or strategies and include Eagle's expectations of future financial results. The words "believe," "expect," "anticipate," "estimate," "project," and similar expressions identify forward-looking statements. Eagle's ability to predict results or the effect of future plans or strategies or qualitative or quantitative changes based on market risk is inherently uncertain. Factors which could affect actual results but are not limited to include (i) change in general market interest rates, (ii) general economic conditions, (iii) local economic conditions, (iv) legislative/regulatory changes, (v) monetary and fiscal policies of the U.S. Treasury and Federal Reserve, (vi) changes in the quality or composition of Eagle's loan and investment portfolios, (vii) demand for loan products, (viii) deposit flows, (ix) competition, and (x) demand for financial services in Eagle's markets. These factors should be considered in evaluating the forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements which speak only as of their dates.

FINANCIAL CONDITION

Comparisons in this section are between March 31, 2003 and June 30, 2002.

Total assets increased by $14.05 million, or 7.61%, to $198.63 million at March 31, 2003, from $184.58 million at June 30, 2002. Total liabilities increased by $12.31 million to $175.19 million at March 31, 2003, from $162.88 million at June 30, 2002. Total equity increased $1.74 million to $23.44 million at March 31, 2003 from $21.70 million at June 30, 2002.

The growth in assets was primarily in the available-for-sale (AFS) investment portfolio, which increased $15.06 million, or 30.03%, to $65.21 million at March 31, 2003 from $50.15 million at June 30, 2002. The investment category with the largest increase was mortgage-backed securities, which increased $14.29 million. The loan portfolio decreased $5.06 million, or 4.79%, to $100.56 million at March 31, 2003 from $105.62 million at June 30, 2002. Continued refinancing activity and the sale of predominantly all new originations contributed to the decline in single-family mortgage loans to $51.93 million at March 31, 2003 from $66.96 million at June 30, 2002. Commercial real estate loans increased $9.60 million, to $19.05 million from $9.45 million. The increase was primarily due to the origination of a $9.35 million loan, which has a government guarantee of 90% of the loan balance. Consumer loans and commercial loans declined slightly, while all other loan categories showed moderate increases. Total loan originations year-to-date were $127.24 million, with single family mortgages (including $3.20 million of construction loans) accounting for $99.43 million of the total. Commercial real estate originations totaled $10.37 million. Home equity loan and consumer loan originations totaled $7.59 million and $6.31 million, respectively, for the same period. Loans held for sale increased to $3.66 million at March 31, 2003 from $1.35 million at June 30, 2002.

EAGLE BANCORP AND SUBSIDIARY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION (CONTINUED)

Growth in deposits funded asset growth. Deposits grew $12.18 million, or 8.03%, to $163.79 million at March 31, 2003 from $151.61 million at June 30, 2002. Certificates of deposit and savings accounts showed the largest dollar increases, and all other deposit types had strong growth.

The growth in total equity was the result of earnings for the nine months of $1.79 million and an increase in the unrealized gain on securities available-for-sale of $102,000. This was partially offset by the payment of three quarterly $0.13 per share regular cash dividends, totaling $218,000.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2003 AND 2002

NET INCOME. Eagle's net income was $626,000 and $543,000 for the three months ended March 31, 2003, and 2002, respectively. The increase of $83,000, or 15.29%, was primarily due to an increase in noninterest income of $272,000 and net interest income of $8,000, offset by an increase in noninterest expense of $147,000. Eagle's tax provision was $50,000 higher in the current quarter. Basic earnings per share were $0.53 for the current period, compared to $0.46 for the previous year's period.

NET INTEREST INCOME. Net interest income increased $8,000 compared to the previous year's quarter. Total interest and dividend income decreased $162,000, which was offset by the decrease in interest expense of $170,000.

INTEREST AND DIVIDEND INCOME. Total interest and dividend income was $2.551 million for the quarter ended March 31, 2003, compared to $2.713 million for the quarter ended March 31, 2002, representing a decrease of $162,000, or 5.97%. Interest and fees on loans decreased to $1.88 million for the three months ended March 31, 2003 from $2.16 million for the same period ended March 31, 2002. This decrease of $280,000, or 12.96%, was due primarily to the decrease in the average balances of loans receivable for the quarter ended March 31, 2003 and the decline in the average interest rate earned on loans. Average balances for loans receivable, net, for the quarter ended March 31, 2003 were $106.24 million, compared to $113.14 million for the previous year. This represents a decrease of $6.90 million, or 6.10%. The average interest rate earned on loans receivable decreased by 56 basis points, from 7.65% at March 31, 2002 to 7.09% at March 31, 2003.

The historic low interest rates the country is currently experiencing has led to unprecedented levels of refinancing of residential mortgage loans. The refinancing activity, combined with management's decision to sell predominantly all new residential mortgage loans has contributed to the decline in balances in loans receivable. Management has elected to not retain mortgages with these low interest rates as part of its asset and liability management strategy. To a certain degree, earnings are sacrificed in the current period, as the Company maintains higher levels of liquidity (which typically has shorter maturities and lower interest rates compared to mortgage loans) to prevent the negative impact of holding low yielding long term mortgages when interest rates increase in the future. Other

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2003 AND 2002 (CONTINUED)

loan categories, with the exception of commercial real estate loans, have shown slight changes from a year ago. A large commercial real estate loan was originated during the current quarter. The portion of the loan which is guaranteed by a government agency (90% or approximately $8 million) has a commitment to be sold before February 2004. It is likely the Bank will wait until the end of the commitment period before selling the guaranteed portion of the loan.

Investment securities interest income increased significantly, as the Company has increased its liquidity and holdings of investment securities while the loan portfolio has decreased. This will allow the Company to redeploy these assets in higher yielding loans when interest rates increase. The Company maintains a diversified investment portfolio, attempting to maximize return while supplying liquidity and maintaining credit quality. Average balances on investments increased to $66.08 million for the quarter ended March 31, 2003, compared to $41.87 million for the quarter ended March 31, 2002. The average interest rate earned on investments dropped to 3.72% from 4.75%. Interest earned from deposits held at other banks decreased $3,000 for the quarter ended March 31, 2003 compared to the previous year's quarter, due to the drop in short-term interest rates.

INTEREST EXPENSE. Although the balances in deposit accounts continue to increase, total deposit interest expense decreased to $876,000 for the quarter ended March 31, 2003, from $1.045 million for the quarter ended March 31, 2002. As average balances increased $16.20 million, or 11.77%, from one year ago, deposit interest expense decreased 16.17%. The average rate paid on deposits declined 76 basis points from the quarter ended March 31, 2002 to the quarter ended March 31, 2003. This is the result of the repricing of deposits as interest rates have declined. Management continues to look for additional opportunities to decrease interest expense, as the bank's net interest margin is squeezed due to the decline in interest income. The interest rate on savings accounts will be lowered in June 2003, while the rates on other deposit account types are closely monitored. All deposit accounts showed decreases in average rates paid and also had increases in average balances in the current quarter compared to last year's quarter. Money market accounts and certificates of deposit saw the largest increases in balances due primarily to the continued poor performance of the stock market.

PROVISION FOR LOAN LOSSES. Provisions for loan losses are charged to earnings to maintain the total allowance for loan losses at a level considered adequate by Eagle's subsidiary, American Federal Savings Bank (the Bank), to provide for probable loan losses based on prior loss experience, volume and type of lending conducted by the Bank, available peer group information, and past due loans in portfolio. The Bank's policies require the review of assets on a quarterly basis. The Bank classifies loans as well as other assets if warranted. While the Bank believes it uses the best information available to make a determination with respect to the allowance for loan losses, it recognizes that future adjustments may be necessary. No provision was made for loan losses for either the quarter ended March 31, 2003 or the quarter ended March 31, 2002. This is a reflection of the continued strong asset quality of the Bank's loan portfolio. Total classified assets increased slightly from $1.66 million at June 30, 2002 to $1.73 million at March 31, 2003. The Bank currently has no foreclosed real estate.

EAGLE BANCORP AND SUBSIDIARY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2003 AND 2002 (CONTINUED)

NONINTEREST INCOME. Total noninterest income increased to $925,000 for the quarter ended March 31, 2003, from $653,000 for the quarter ended March 31, 2002, an increase of $272,000 or 41.65%. This was primarily the result of increases in the net gain on sale of loans of $250,000. Unprecedented levels of refinancing activity have driven increased loan origination volume, due to the historically low interest rate environment.

NONINTEREST EXPENSE. Noninterest expense increased by $150,000 or 11.03% to $1.51 million for the quarter ended March 31, 2003, from $1.36 million for the quarter ended March 31, 2002. This increase was primarily due to an increase in amortization of mortgage servicing fees of $96,000. The increase in amortization of mortgage servicing fees was related to increased prepayment activity on mortgage loans. Excluding the mortgage servicing fee amortization expense produces an increase in expenses of 4.69%. Most expense categories showed minor changes. Significant changes were as follows: a $20,000 decrease in furniture and equipment depreciation expense due to equipment becoming fully depreciated; a $14,000 increase in advertising expense due to promotion of the Bank's home equity loan products; and a $13,000 increase in consulting fees due to the Bank's installation of an upgraded internal data network.

INCOME TAX EXPENSE. Eagle's income tax expense was $320,000 for the quarter ended March 31, 2003, compared to $270,000 for the quarter ended March 31, 2002. The effective tax rate for the quarter ended March 31, 2003 was 33.85% and was 33.19% for the quarter ended March 31, 2002. Management expects Eagle's effective tax rate to be approximately 35%.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED MARCH 31, 2003 AND 2002

NET INCOME. Eagle's net income was $1.786 million and $1.452 million for the nine months ended March 31, 2003 and 2002, respectively. The increase of $334,000, or 23.00%, was primarily due to increases in noninterest income of $618,000 and net interest income of $208,000, partially offset by an increase in noninterest expense of $347,000. Eagle's tax provision was $145,000 higher in the current period. Basic earnings per share for the period ended March 31, 2003 were $1.52, compared to $1.24 per share for the period ended March 31, 2002.

NET INTEREST INCOME. Net interest income increased to $4.727 million for the nine months ended March 31, 2003 from $4.519 million for the nine months ended March 31, 2002. This increase of $208,000 was the result of a significant decrease in interest expense of $682,000, partially offset by a decrease in interest and dividend income of $474,000.

EAGLE BANCORP AND SUBSIDIARY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED MARCH 31, 2003 AND 2002 (CONTINUED)

INTEREST AND DIVIDEND INCOME. Total interest and dividend income was $7.964 million for the nine months ended March 31, 2003, compared to $8.438 million for the same period ended March 31, 2002, representing a decrease of $474,000, or 5.62%. Interest and fees on loans decreased to $5.881 million for 2003 from $6.906 million for 2002. This decrease of $1.025 million, or 14.84%, was due primarily to a decrease in the average balances of loans receivable for the nine months ended March 31, 2003. Average balances for loans receivable, net, for this period were $105.49 million, compared to $117.22 million for the previous year. This is a decrease of $11.73 million, or 10.01%. The average interest rate earned on loans receivable decreased by 43 basis points, to 7.43% from 7.86%. The historic low interest rates the country is currently experiencing has led to unprecedented levels of refinancing of residential mortgage loans. The refinancing activity, combined with management's decision to sell predominantly all new residential mortgage loans has contributed to the decline in balances of loans receivable. Management has elected to not retain mortgages with these low interest rates as part of its asset and liability management strategy. To a certain degree, earnings are sacrificed in the current period as the Company maintains higher levels of liquidity (which typically has shorter maturities and lower interest rates compared to mortgage loans) to prevent the negative impact of holding low yielding long term mortgage loans when interest rates increase in the future.

Average balances on investment securities increased to $62.54 million for the nine months ended March 31, 2003 compared to $34.41 million for the same period ended March 31, 2002. The average interest rate earned on investments declined 105 basis points, to 4.06% from 5.11%. Interest earned from deposits held at other banks decreased to $98,000 for the nine months ended March 31, 2003 from $139,000 for the nine months ended March 31, 2002 due primarily to the drop in short-term interest rates.

INTEREST EXPENSE. Total interest expense decreased to $3.237 million for the nine months ended March 31, 2003 from $3.919 million for the nine months ended March 31, 2002, a decrease of $682,000, or 17.40%, primarily due to the decrease in interest paid on deposits. Interest on deposits decreased to $2.800 million for the nine months ended March 31, 2003 from $3.420 million for the nine months ended March 31, 2002. This decrease of $620,000, or 18.13%, was the result of a decrease in average rates paid on deposit accounts despite much higher balances in deposit accounts. Money market accounts and certificates of deposit accounted for the largest gain in balances during the period from March 31, 2002 to March 31, 2003. Average rates paid on all interest-bearing deposits declined from 2002 to 2003, with the average rate paid on deposits dropping by 93 basis points from the nine month period ended March 31, 2002 to the nine month period ended March 31, 2003. Interest paid on borrowings decreased to $437,000 for the nine months ended March 31, 2003 from $499,000 for the same period ended March 31, 2002. The decrease in borrowing costs was due to a decrease in the average balance of Federal Home Loan Bank advances.

EAGLE BANCORP AND SUBSIDIARY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED MARCH 31, 2003 AND 2002 (CONTINUED)

PROVISION FOR LOAN LOSSES. Provisions for loan losses are charged to earnings to maintain the total allowance for loan losses at a level considered adequate by Eagle's subsidiary, American Federal Savings Bank (the Bank), to provide for probable loan losses based on prior loss experience, volume and type of lending conducted by the Bank, available peer group information, and past due loans in portfolio. The Bank's policies require the review of assets on a quarterly basis. The Bank classifies loans as well as other assets if warranted. While the Bank believes it uses the best information available to make a determination with respect to the allowance for loan losses, it recognizes that future adjustments may be necessary. No provision was made for loan losses for either of the nine month periods ended March 31, 2003 or March 31, 2002. This is a reflection of the continued strong asset quality of the Bank's loan portfolio. Total classified assets increased slightly to $1.73 million at March 31, 2003 from $1.66 million at June 30, 2002. The Bank currently has no foreclosed property.

NONINTEREST INCOME. Total noninterest income increased to $2.379 million for the nine months ended March 31, 2003, from $1.761 million for the nine months ended March 31, 2002, an increase of $618,000, or 35.09%. This was primarily due to an increase in net gain on sale of loans of $484,000. Unprecedented levels of refinancing activity have driven increased loan origination volume, due to the historically low interest rate environment. Loan originations are expected to decline when interest rates rise. Mortgage loan servicing fees increased to $312,000 for the current nine-month period compared to $178,000 for the previous year's period. An independent valuation of the Bank's mortgage servicing portfolio that was performed in September 2001 indicated a temporary decline in the value of the servicing rights in the amount of $58,000. A provision was made to a valuation allowance in that amount. A subsequent valuation performed in May 2002 determined that the temporary decline had decreased to $21,515, and the valuation allowance was adjusted accordingly. In conjunction with our fiscal year end, management will obtain an independent valuation of its mortgage servicing rights (MSR's) as of June 30, 2003. Based on the current interest rate environment, management expects to record a significant addition to the valuation allowance for MSR's. The ultimate magnitude of the addition to the allowance is not known at this time. Changes to the valuation allowance for mortgage servicing rights are charged against mortgage loan servicing fees. Other categories of noninterest income showed minor changes.

NONINTEREST EXPENSE. Noninterest expense increased by $347,000, or 8.55% to $4.405 million for the nine months ended March 31, 2003, from $4.058 million for the nine months ended March 31, 2002. This increase was primarily due to an increase in amortization of mortgage servicing fees of $237,000 and in advertising expense of $39,000. The increase in amortization of mortgage servicing fees was related to increased prepayment activity on mortgage loans. Excluding the mortgage servicing fee amortization expense, noninterest expenses were up 2.88%. The increase in advertising expense was due to increased promotion of home equity loan products. These increases were partially offset by a decrease of $53,000 in furniture and equipment depreciation expense. Its decrease was due to equipment becoming fully depreciated.

EAGLE BANCORP AND SUBSIDIARY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED MARCH 31, 2003 AND 2002 (CONTINUED)

INCOME TAX EXPENSE. Eagle's income tax expense was $916,000 for the nine months ended March 31, 2003, compared to $771,000 for the nine months ended March 31, 2002. The effective tax rate for the nine months ended March 31, 2003 was 33.90% and was 34.69% for the nine months ended March 31, 2002.

LIQUIDITY, INTEREST RATE SENSITIVITY AND CAPITAL RESOURCES

The Company's subsidiary, American Federal Savings Bank (the Bank), is required to maintain minimum levels of liquid assets as defined by the Office of Thrift Supervision (OTS) regulations. The OTS has eliminated the statutory requirement based upon a percentage of deposits and short-term borrowings. The OTS states that the liquidity requirement is retained for safety and soundness purposes, and that appropriate levels of liquidity will depend upon the types of activities in which the company engages. For internal reporting purposes, the Bank uses the previous regulatory definitions of liquidity. The Bank's average liquidity ratio was 28.03% and 20.82% for the months ended March 31, 2003 and March 31, 2002, respectively. Liquidity increased due to growth in deposits and the increased loan sale volume for the period ended March 31, 2003.

The Bank's primary sources of funds are deposits, repayment of loans and mortgage-backed securities, maturities of investments, funds provided from operations, and advances from the Federal Home Loan Bank of Seattle. Scheduled repayments of loans and mortgage-backed securities and maturities of investment securities are generally predictable. However, other sources of funds, such as deposit flows and loan prepayments, can be greatly influenced by the general level of interest rates, economic conditions and competition. The Bank uses liquidity resources principally to fund existing and future loan commitments. It also uses them to fund maturing certificates of deposit, demand deposit withdrawals and to invest in other loans and investments, maintain liquidity, and meet operating expenses.

Liquidity may be adversely affected by unexpected deposit outflows, higher interest rates paid by competitors, and similar matters. Management monitors projected liquidity needs and determines the level desirable, based in part on commitments to make loans and management's assessment of the bank's ability to generate funds.

At December 31, 2002 (the most recent report available), the Bank's measure of sensitivity to interest rate movements, as measured by the OTS, worsened slightly from the previous quarter but has improved significantly since one year ago. The Bank's capital ratio as measured by the OTS decreased slightly during the same period. The Bank is well within the guidelines set forth by the Board of Directors for interest rate risk sensitivity.

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EAGLE BANCORP AND SUBSIDIARY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY, INTEREST RATE SENSITIVITY AND CAPITAL RESOURCES (CONTINUED)

As of March 31, 2003, the Bank's regulatory capital was in excess of all applicable regulatory requirements. At March 31, 2003, the Bank's tangible, core, and risk-based capital ratios amounted to 11.01%, 11.01%, and 18.83%, respectively, compared to regulatory requirements of 1.5%, 3.0%, and 8.0%, respectively. See the following table (amounts in thousands):

	At March 31, 2003	
	Dollar Amount	For Capital Adequacy Purposes % of Assets
Tangible capital:		
Capital level	$ 21,679	11.01%
Requirement	2,954	1.50
Excess	$ 18,725	9.51%
Core capital:		
Capital level	$ 21,679	11.01%
Requirement	5,907	3.00
Excess	$ 15,772	8.01%
Risk-based capital:		
Capital level	$ 22,335	18.83%
Requirement	9,488	8.00
Excess	$ 12,847	10.83%

IMPACT OF INFLATION AND CHANGING PRICES

Our financial statements and the accompanying notes have been prepared in accordance with generally accepted accounting principles, which require the measurement of financial position and operating results in terms of historical dollars without considering the change in the relative purchasing power of money over time and due to inflation. The impact of inflation is reflected in the increased cost of our operations. Interest rates have a greater impact on our performance than do the general levels of inflation. Interest rates do not necessarily move in the same direction or to the same extent as the prices of goods and services.

EAGLE BANCORP AND SUBSIDIARY
CONTROLS AND PROCEDURES

Based on their evaluation as of a date within 90 days of the filing of this Form 10-QSB, the Company's Chief Executive Officer, Larry A. Dreyer, and Treasurer, Peter J. Johnson, have concluded the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date of their evaluation.

EAGLE BANCORP AND SUBSIDIARY

Part II - OTHER INFORMATION

Item 1. Legal Proceedings.
Neither the Company nor the Bank is involved in any pending legal proceedings other than non-material legal proceedings occurring in the ordinary course of business.

Item 2. Changes in Securities and Use of Proceeds
Not applicable.

Item 3. Defaults Upon Senior Securities
Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders
Not applicable

Item 5. Other Information.
None.

Item 6. Exhibits and Reports on Form 8-K

a.) Exhibits
Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

b.) Reports on Form 8-K
None.

EAGLE BANCORP AND SUBSIDIARY

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EAGLE BANCORP

Date: May 12, 2003	By: /s/ Larry A. Dreyer Larry A. Dreyer President/CEO
Date: May 12, 2003	By: /s/ Peter J. Johnson Peter J. Johnson Sr. VP/Treasurer

EAGLE BANCORP AND SUBSIDIARY
CERTIFICATION PURSUANT TO
SECTION 302 (a) OF THE SARBANES-OXLEY ACT OF 2002

I, Larry A. Dreyer, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Eagle Bancorp;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this

quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

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EAGLE BANCORP AND SUBSIDIARY
CERTIFICATION PURSUANT TO
SECTION 302 (a) OF THE SARBANES-OXLEY ACT OF 2002

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 12, 2003

/s/ Larry A. Dreyer

Larry A. Dreyer
President and Chief Executive Officer

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EAGLE BANCORP AND SUBSIDIARY
CERTIFICATION PURSUANT TO
SECTION 302 (a) OF THE SARBANES-OXLEY ACT OF 2002

I, Peter J. Johnson, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Eagle Bancorp;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

EAGLE BANCORP AND SUBSIDIARY
CERTIFICATION PURSUANT TO
SECTION 302 (a) OF THE SARBANES-OXLEY ACT OF 2002

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 12, 2003

/s/ Peter J. Johnson

Peter J. Johnson
Sr. VP/Treasurer and Chief Financial Officer