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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2024

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number 1-34682

Eagle Bancorp Montana, Inc.

(Exact name of registrant as specified in its charter)

Delaware

27-1449820

(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) (Zip code)

(406) 442-3080

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate 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 8,016,784 shares outstanding

As of October 31, 2024

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Cautionary Note Regarding Forward-Looking Statements

This report includes "forward-looking statements" within the meaning and protections of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as "may," "will," "anticipate," "assume," "should," "indicate," "would," "believe," "contemplate," "expect," "estimate," "continue," "plan," "project," "could," "intend," "target" and other similar words and expressions of the future. 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 the management of Eagle Bancorp Montana, Inc. ("Eagle" or the "Company") and Opportunity Bank of Montana ("OBMT" or the "Bank"), Eagle's wholly-owned subsidiary, 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 subject to assumptions with respect to future business strategies and decisions that are subject to change.

The following factors, among others, could cause the Company's actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees and capital requirements;
- local, regional, national and international economic and market conditions and events, as well as the impact of the 2024 U.S. presidential election, and the impact they may have on us, our customers and our assets and liabilities;
- competition among depository and other traditional and non-traditional financial service providers;
- risks related to the concentration of our business in Montana, including risks associated with changes in the prices, values and sales volume of residential and commercial real estate in Montana;
- inflation and changes in the interest rate environment that reduce our margins or reduce the fair value of financial instruments or reduces loan demand;
- our ability to attract deposits and other sources of funding or liquidity;
- the impact of adverse developments affecting the U.S. banking industry, including bank failures and liquidity concerns, which could cause continued or worsening economic and market volatility, and regulatory responses thereto;
- the possibility that future credit losses may be higher than currently expected due to changes in economic assumptions, customer behavior, adverse developments with respect to U.S. or global economic conditions and other uncertainties, including the impact of supply chain disruptions, inflationary pressures and labor shortages on economic conditions and our business;
- an inability to access capital markets or maintain deposits or borrowing costs;
- uncertainty regarding the content, timing and impact of regulatory capital and liquidity requirements;
- our ability to assess and monitor the effect of artificial intelligence on our business and operations;
- our ability to achieve environmental, social and governance goals and commitments or the impact of any changes in the Company's sustainability strategy or commitments generally;
- changes or volatility in the securities markets that lead to impairment in the value of our investment securities and goodwill;
- our ability to implement our growth strategy, including identifying and consummating suitable acquisitions, raising additional capital to finance such transactions, entering new markets, possible failures in realizing the anticipated benefits from such acquisitions and an inability of our personnel, systems and infrastructure to keep pace with such growth;
- unforeseen events, such as pandemics or natural disasters, and any governmental or societal responses thereto;
- the effect of acquisitions we may make, if any, including, without limitation, the failure to achieve expected revenue growth and/or expense savings from such acquisitions;
- risks related to the integration of any businesses we have acquired or expect to acquire, including exposure to potential asset quality and credit quality risks and unknown or contingent liabilities, the time and costs associated with integrating systems, technology platforms, procedures and personnel;
- potential impairment on the goodwill we have recorded or may record in connection with business acquisitions;
- political developments, uncertainties or instability;
- our ability to enter new markets successfully and capitalize on growth opportunities;
- the need to retain capital for strategic or regulatory reasons;
- changes in consumer spending, borrowing and savings habits;
- our ability to continue to increase and manage our commercial and residential real estate, multi-family and commercial business loans;
- the level of future deposit insurance premium assessments;
- our ability to implement new technologies and maintain secure and reliable technology systems;
- our ability to develop and maintain secure and reliable information technology systems, effectively defend ourselves against cyberattacks, or recover from breaches to our cybersecurity infrastructure;
- the failure of assumptions underlying the establishment of allowance for possible loan losses and other estimates;
- changes in the financial performance and/or condition of our borrowers and their ability to repay their loans when due; 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 standard setters.

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements. For a further list and description of various risks, relevant factors and uncertainties that could cause future results or events to differ materially from those expressed or implied in our forward-looking statements, see the Part II, Item 1A, "Risk Factors" and Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections contained elsewhere in this report, as well as our Annual Report on Form 10-K for the year ended December 31, 2023, any subsequent Reports on Form 10-Q and Form 8-K, and other filings with the SEC. We do not undertake any obligation to publicly update or correct any forward-looking statements to reflect events or circumstances that subsequently occur, or of which we hereafter become aware.

EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Dollars in Thousands, Except for Per Share Data)
(Unaudited)

	September 30, 2024	December 31, 2023
ASSETS:		
Cash and due from banks	\$ 22,954	\$ 23,243
Interest-bearing deposits in banks	19,235	1,302
Total cash and cash equivalents	<u>42,189</u>	<u>24,545</u>
Securities available-for-sale, at fair value (amortized cost of \$ 327,476 at September 30, 2024 and \$ 345,355 at December 31, 2023)	306,982	318,279
Federal Home Loan Bank ("FHLB") stock	11,218	9,191
Federal Reserve Bank ("FRB") stock	4,131	4,131
Mortgage loans held-for-sale, at fair value	13,429	11,432
Loans receivable, net of allowance for credit losses of \$ 17,130 at September 30, 2024 and \$ 16,440 at December 31, 2023	1,517,522	1,468,049
Accrued interest and dividends receivable	14,844	12,485
Mortgage servicing rights, net	15,443	15,853
Assets held-for-sale, at cost	257	-
Premises and equipment, net	100,297	94,282
Cash surrender value of life insurance, net	52,852	47,939
Goodwill	34,740	34,740
Core deposit intangible, net	4,834	5,880
Other assets	<u>26,375</u>	<u>28,860</u>
Total assets	<u><u>\$ 2,145,113</u></u>	<u><u>\$ 2,075,666</u></u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Continued)
(Dollars in Thousands, Except for Per Share Data)
(Unaudited)

	September 30, 2024	December 31, 2023
LIABILITIES:		
Deposit accounts:		
Noninterest-bearing	\$ 419,760	\$ 418,727
Interest-bearing	1,230,752	1,216,468
Total deposits	<u>1,650,512</u>	<u>1,635,195</u>
Accrued expenses and other liabilities	38,593	36,462
FHLB advances and other borrowings	219,167	175,737
Other long-term debt:		
Principal amount	60,155	60,155
Unamortized debt issuance costs	(1,044)	(1,156)
Total other long-term debt, net	<u>59,111</u>	<u>58,999</u>
Total liabilities	<u>1,967,383</u>	<u>1,906,393</u>
SHAREHOLDERS' EQUITY:		
Preferred stock (par value \$0.01 per share; 1,000,000 shares authorized; no shares issued or outstanding)	-	-
Common stock (par value \$0.01 per share; 20,000,000 shares authorized; 8,507,429 shares issued at September 30, 2024 and December 31, 2023; 8,016,784 shares outstanding at September 30, 2024 and December 31, 2023)	85	85
Additional paid-in capital	109,040	108,819
Unallocated common stock held by Employee Stock Ownership Plan ("ESOP")	(4,154)	(4,583)
Treasury stock, at cost (490,645 shares at September 30, 2024 and December 31, 2023)	(11,124)	(11,124)
Retained earnings	98,979	96,021
Accumulated other comprehensive loss, net of tax	(15,096)	(19,945)
Total shareholders' equity	<u>177,730</u>	<u>169,273</u>
Total liabilities and shareholders' equity	<u>\$ 2,145,113</u>	<u>\$ 2,075,666</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Thousands, Except for Per Share Data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
INTEREST AND DIVIDEND INCOME:				
Interest and fees on loans	\$ 23,802	\$ 21,068	\$ 68,526	\$ 57,942
Securities available-for-sale	2,598	2,794	7,953	8,586
FHLB and FRB dividends	266	212	777	480
Other interest income	94	20	268	66
Total interest and dividend income	<u>26,760</u>	<u>24,094</u>	<u>77,524</u>	<u>67,074</u>
INTEREST EXPENSE:				
Deposits	7,190	5,152	20,622	11,767
FHLB advances and other borrowings	3,084	2,672	8,206	5,993
Other long-term debt	684	683	2,048	2,035
Total interest expense	<u>10,958</u>	<u>8,507</u>	<u>30,876</u>	<u>19,795</u>
NET INTEREST INCOME	15,802	15,587	46,648	47,279
Provision for credit losses	277	588	554	1,186
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	15,525	14,999	46,094	46,093
NONINTEREST INCOME:				
Service charges on deposit accounts	430	447	1,258	1,313
Mortgage banking, net	2,602	4,338	7,196	11,252
Interchange and ATM fees	662	643	1,865	1,861
Appreciation in cash surrender value of life insurance	314	299	922	871
Bank owned life insurance benefit gain	724	83	724	294
Net loss on sale of available-for-sale securities	-	-	-	(222)
Other noninterest income	251	225	1,239	1,541
Total noninterest income	<u>\$ 4,983</u>	<u>\$ 6,035</u>	<u>\$ 13,204</u>	<u>\$ 16,910</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Continued)
(Dollars in Thousands, Except for Per Share Data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
NONINTEREST EXPENSE:				
Salaries and employee benefits	\$ 9,894	\$ 10,837	\$ 29,885	\$ 31,614
Occupancy and equipment expense	2,134	1,956	6,337	6,100
Data processing	1,587	1,486	4,494	4,270
Advertising	277	340	846	930
Amortization	337	386	1,054	1,201
Loan costs	385	517	1,195	1,426
Federal Deposit Insurance Corporation ("FDIC") insurance premiums	295	301	878	862
Professional and examination fees	438	408	1,345	1,484
Other noninterest expense	1,923	1,644	5,576	5,311
Total noninterest expense	<u>17,270</u>	<u>17,875</u>	<u>51,610</u>	<u>53,198</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	3,238	3,159	7,688	9,805
Provision for income taxes	529	524	1,343	1,913
NET INCOME	<u>\$ 2,709</u>	<u>\$ 2,635</u>	<u>\$ 6,345</u>	<u>\$ 7,892</u>
BASIC EARNINGS PER COMMON SHARE	<u>\$ 0.35</u>	<u>\$ 0.34</u>	<u>\$ 0.81</u>	<u>\$ 1.01</u>
DILUTED EARNINGS PER COMMON SHARE	<u>\$ 0.34</u>	<u>\$ 0.34</u>	<u>\$ 0.81</u>	<u>\$ 1.01</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in Thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
NET INCOME	\$ 2,709	\$ 2,635	\$ 6,345	\$ 7,892
OTHER ITEMS OF COMPREHENSIVE INCOME (LOSS) BEFORE TAX:				
Change in fair value of investment securities available-for-sale	7,847	(9,763)	6,582	(6,410)
Reclassification for net realized losses on investment securities available-for-sale	-	-	-	222
Total other comprehensive income gain (loss)	<u>7,847</u>	<u>(9,763)</u>	<u>6,582</u>	<u>(6,188)</u>
Income tax (provision) benefit related to securities available-for-sale	(2,066)	2,571	(1,733)	1,630
COMPREHENSIVE INCOME (LOSS)	<u>\$ 8,490</u>	<u>\$ (4,557)</u>	<u>\$ 11,194</u>	<u>\$ 3,334</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine months ended September 30, 2024 and 2023
(Dollars in Thousands, Except for Per Share Data)
(Unaudited)

	PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	UNALLOCATED ESOP SHARES	TREASURY STOCK	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME	TOTAL
Balance at July 1, 2024	\$ -	\$ 85	\$ 108,962	\$ (4,297)	\$ (11,124)	\$ 97,413	\$ (20,877)	\$ 170,162
Net income	-	-	-	-	-	2,709	-	2,709
Other comprehensive income	-	-	-	-	-	-	5,781	5,781
Dividends paid (\$0.1425 per share)	-	-	-	-	-	(1,143)	-	(1,143)
Stock compensation expense	-	-	135	-	-	-	-	135
ESOP shares allocated (5,997 shares)	-	-	(57)	143	-	-	-	86
Balance at September 30, 2024	\$ -	\$ 85	\$ 109,040	\$ (4,154)	\$ (11,124)	\$ 98,979	\$ (15,096)	\$ 177,730
Balance at July 1, 2023	\$ -	\$ 85	\$ 109,345	\$ (4,870)	\$ (11,574)	\$ 93,462	\$ (23,723)	\$ 162,725
Net income	-	-	-	-	-	2,635	-	2,635
Other comprehensive loss	-	-	-	-	-	-	(7,192)	(7,192)
Dividends paid (\$0.140 per share)	-	-	-	-	-	(1,118)	-	(1,118)
Stock compensation expense	-	-	143	-	-	-	-	143
ESOP shares allocated (5,997 shares)	-	-	(66)	143	-	-	-	77
Balance at September 30, 2023	\$ -	\$ 85	\$ 109,422	\$ (4,727)	\$ (11,574)	\$ 94,979	\$ (30,915)	\$ 157,270
Balance at January 1, 2024	\$ -	\$ 85	\$ 108,819	\$ (4,583)	\$ (11,124)	\$ 96,021	\$ (19,945)	\$ 169,273
Net income	-	-	-	-	-	6,345	-	6,345
Other comprehensive income	-	-	-	-	-	-	4,849	4,849
Dividends paid (\$0.4225 per share)	-	-	-	-	-	(3,387)	-	(3,387)
Stock compensation expense	-	-	405	-	-	-	-	405
ESOP shares allocated (17,991 shares)	-	-	(184)	429	-	-	-	245
Balance at September 30, 2024	\$ -	\$ 85	\$ 109,040	\$ (4,154)	\$ (11,124)	\$ 98,979	\$ (15,096)	\$ 177,730
Balance at January 1, 2023	\$ -	\$ 85	\$ 109,164	\$ (5,156)	\$ (11,343)	\$ 92,023	\$ (26,357)	\$ 158,416
Net income	-	-	-	-	-	7,892	-	7,892
Impact of the adoption of ASC 326 Credit Losses	-	-	-	-	-	(1,616)	-	(1,616)
Other comprehensive loss	-	-	-	-	-	-	(4,558)	(4,558)
Dividends paid (\$0.415 per share)	-	-	-	-	-	(3,320)	-	(3,320)
Stock compensation expense	-	-	432	-	-	-	-	432
ESOP shares allocated (17,991 shares)	-	-	(174)	429	-	-	-	255
Treasury stock purchased (17,901 shares at \$12.89 average cost per share)	-	-	-	-	-	-	-	(231)
Balance at September 30, 2023	\$ -	\$ 85	\$ 109,422	\$ (4,727)	\$ (11,574)	\$ 94,979	\$ (30,915)	\$ 157,270

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 6,345	\$ 7,892
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for credit losses	554	1,186
Depreciation	3,886	2,854
Net amortization of investment securities premiums and discounts	788	807
Amortization of mortgage servicing rights	1,351	1,330
Amortization of right-of-use assets	380	512
Amortization of core deposit intangibles	1,054	1,201
Compensation expense related to restricted stock awards	405	432
ESOP compensation expense for allocated shares	245	255
Net gain on sale of loans	(4,705)	(8,551)
Originations of loans held-for-sale	(150,244)	(265,496)
Proceeds from sales of loans held-for-sale	152,011	264,418
Net gain on sale/disposal of premises and equipment	(17)	(83)
Net realized loss on sales of available-for-sale securities	-	222
Net appreciation in cash surrender value of life insurance	(922)	(1,165)
Net change in:		
Accrued interest and dividends receivable	(2,359)	(2,373)
Other assets	(1,566)	(7,143)
Accrued expenses and other liabilities	5,771	851
Net cash provided by (used in) operating activities	<u>12,977</u>	<u>(2,851)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Activity in available-for-sale securities:		
Sales	-	34,020
Maturities, principal payments and calls	17,125	27,340
Purchases	-	(28,126)
FHLB stock purchased	(2,027)	(5,349)
Loan origination and principal collection, net	(50,121)	(123,687)
(Purchase) proceeds from bank owned life insurance	(5,000)	1,230
Insurance proceeds related to premises and equipment	25	-
Proceeds from sale of premises and equipment	62	979
Purchases of premises and equipment, net	(10,757)	(11,602)
Net cash used in investing activities	<u>\$ (50,693)</u>	<u>\$ (105,195)</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Dollars in Thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in deposits	\$ 15,317	\$ (19,794)
Net short-term advances on FHLB and other borrowings	14,263	130,363
Advances on long-term FHLB and other borrowings	29,167	-
Purchase of treasury stock	-	(231)
Dividends paid	(3,387)	(3,320)
Net cash provided by financing activities	<u>55,360</u>	<u>107,018</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,644	(1,028)
CASH AND CASH EQUIVALENTS, beginning of period	24,545	21,811
CASH AND CASH EQUIVALENTS, end of period	<u>42,189</u>	<u>20,783</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the period for interest	\$ 29,971	\$ 17,109
Cash paid during the period for income taxes, net of refund	384	2,414
NONCASH OPERATING, INVESTING AND FINANCING ACTIVITIES:		
Increase (decrease) in fair value of securities available-for-sale	\$ 6,582	\$ (6,188)
Mortgage servicing rights recognized	941	1,656
Loans transferred to real estate and other assets acquired in foreclosure	4	-
Right-of-use assets obtained in exchange for lease liabilities	(151)	11
Decrease (increase) in commitments to invest in Low-Income Housing Tax Credit projects	(2,390)	3,068
Cumulative effect adjustment to retained earnings due to adoption of Topic 326	-	(1,616)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Eagle Bancorp Montana, Inc. ("Eagle" or the "Company"), is a Delaware corporation that holds 100% of the capital stock of Opportunity Bank of Montana ("OBMT" or the "Bank"), formerly American Federal Savings Bank ("AFSB"). The Bank was founded in 1922 as a Montana chartered building and loan association and has conducted operations and maintained its administrative office in Helena, Montana since that time. In 1975, the Bank adopted a federal thrift charter and in October 2014 converted to a Montana chartered commercial bank and became a member bank in the Federal Reserve System.

In September 2021, the Company entered into an Agreement and Plan of Merger ("Merger Agreement") with First Community Bancorp, Inc. ("FCB"), a Montana corporation, and FCB's wholly-owned subsidiary, First Community Bank, a Montana chartered commercial bank. The Merger Agreement provided that, upon the terms and subject to the conditions set forth in the Merger Agreement, FCB would merge with and into Eagle, with Eagle continuing as the surviving corporation. The merger closed on April 30, 2022. First Community Bank operated nine branches in Ashland, Culbertson, Froid, Glasgow, Helena, Hinsdale, Three Forks and Wolf Point, Montana.

In March 2021, the Bank established a subsidiary, Opportunity Housing Fund, LLC ("OHF"), to invest in Low-Income Housing Tax Credit ("LIHTC") projects. The LIHTC program is designed to encourage capital investment in construction and rehabilitation of low-income housing. Tax credits are allowable over a 10-year period. Amortizing investments in LIHTC projects are included in other assets on the consolidated statements of financial condition and totaled \$7,053,000 and \$7,644,000 as of September 30, 2024 and December 31, 2023, respectively. Outstanding funding obligations for LIHTC projects are included in accrued expenses and other liabilities on the condensed consolidated financial statements of condition and totaled \$270,000 and \$2,660,000 as of September 30, 2024 and December 31, 2023, respectively.

On January 1, 2020, the Company acquired Western Holding Company of Wolf Point, ("WHC"), a Montana corporation, and WHC's wholly-owned subsidiary, Western Bank of Wolf Point ("WB"), a Montana chartered commercial bank. The acquisition included one branch in Wolf Point, Montana. In addition, Western Financial Services, Inc. ("WFS") was acquired through the WHC merger. In December 2023, WFS changed its name to Opportunity Financial Services, Inc. ("OFS"). OFS facilitates deferred payment contracts for customers that produce agricultural products.

The Bank currently has 29 full-service branches. The Bank's principal business is accepting deposits and, together with funds generated from operations and borrowings, investing in various types of loans and securities.

Basis of Financial Statement Presentation and Use of Estimates

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission ("SEC"). It is recommended that these unaudited interim condensed consolidated financial statements be read in conjunction with the Company's Annual Report on Form 10-K with all of the audited information and footnotes required by U.S. GAAP for complete financial statements for the year ended December 31, 2023, as filed with the SEC on March 6, 2024. In the opinion of management, all normal adjustments and recurring accruals considered necessary for a fair presentation of the financial position and results of operations for the periods presented have been included.

The results of operations for the nine-month period ended September 30, 2024 are not necessarily indicative of the results to be expected for the year ending December 31, 2024 or any other period. In preparing condensed consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the condensed consolidated statement of financial condition and reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses ("ACL"), mortgage servicing rights, the fair value of financial instruments, the valuation of goodwill and deferred tax assets and liabilities.

Principles of Consolidation

The condensed consolidated financial statements include Eagle, the Bank, OHF, Eagle Bancorp Statutory Trust I (the "Trust") and OFS. All significant intercompany transactions and balances have been eliminated in consolidation.

Reclassifications

Certain prior period amounts were reclassified to conform to the presentation for 2024. These reclassifications had no impact on net income or shareholders' equity.

Subsequent Events

The Company has evaluated events and transactions subsequent to September 30, 2024 for recognition and/or disclosure.

Goodwill

Goodwill is recorded upon completion of a business combination as the difference between the purchase price and the fair value of net identifiable assets acquired. Subsequent to initial recognition, the Company tests goodwill for impairment annually as of October 31, or more often if events or circumstances, such as adverse changes in the business climate indicate there may be impairment. A goodwill impairment test is performed by comparing the fair value of the reporting unit with its carrying value. An impairment charge is recorded for the amount by which the carrying amount exceeds the reporting unit's fair value. For goodwill considerations the Company is a single reporting unit.

During the quarter ended September 30, 2024, Management performed a quantitative goodwill impairment test with assistance from a third-party valuation specialist. The interim determination was primarily driven by a revision in the Company's earnings outlook in comparison to budget. A weighted average of both the market and income approaches was used in valuing the reporting unit's fair value. The interim goodwill impairment assessment as of August 31, 2024 concluded that goodwill was not impaired.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Recently Adopted Accounting Pronouncements

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848) which provides temporary optional expedients to ease the financial reporting burdens of the expected market transition from London Interbank Offered Rate ("LIBOR") to an alternative reference rate such as Secured Overnight Financing Rate ("SOFR"). In January 2021, the FASB issued ASU No. 2021-01, Reference Rate Reform (Topic 848), which clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. ASU No. 2021-01 was effective upon issuance and generally can be applied through December 31, 2024. The Company has reviewed all of its LIBOR based products and all products have been adjusted to another index as LIBOR ceased to be published after June 30, 2023. ASU No. 2021-01 did not have a significant impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, Segment Report (Topic 280): Improvements to Reportable Segment Disclosures. The updated accounting guidance requires expanded reportable segment disclosures, primarily related to significant segment expenses which are regularly provided to the company's chief operating decision maker. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within annual periods beginning after December 15, 2024. Retrospective application is required. The Company is currently evaluating the effect the updated guidance will have on the Company's financial statement disclosures as the Company has a single reportable segment.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The updated accounting guidance requires enhanced income tax disclosures, including the disaggregation of existing disclosures related to the tax rate reconciliation and income taxes paid. This ASU is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the effect the updated guidance will have on its consolidated financial statements and related disclosures.

NOTE 2. INVESTMENT SECURITIES

The amortized cost and fair values of securities, together with unrealized gains and losses, were as follows:

	September 30, 2024					December 31, 2023				
	Amortized Cost	Gross Unrealized (Losses)		ACL	Fair Value	Amortized Cost	Gross Unrealized (Losses)		ACL	Fair Value
		Gains	(Losses)				Gains	(Losses)		
Available-for-Sale:										
U.S. government and agency obligations	\$ 5,457	\$ 99	\$ (107)	\$ -	\$ 5,449	\$ 6,574	\$ 121	\$ (152)	\$ -	\$ 6,543
U.S. Treasury obligations	52,570	-	(4,397)	-	48,173	52,505	-	(5,690)	-	46,815
Municipal obligations	145,584	252	(9,483)	-	136,353	149,168	460	(11,678)	-	137,950
Corporate obligations	4,248	-	(168)	-	4,080	4,245	-	(340)	-	3,905
Mortgage-backed securities	24,848	7	(1,062)	-	23,793	28,426	-	(1,673)	-	26,753
Collateralized mortgage obligations	87,004	3	(5,700)	-	81,307	94,709	-	(8,141)	-	86,568
Asset-backed securities	7,765	81	(19)	-	7,827	9,728	32	(15)	-	9,745
Total	\$ 327,476	\$ 442	\$ (20,936)	\$ -	\$ 306,982	\$ 345,355	\$ 613	\$ (27,689)	\$ -	\$ 318,279

EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 2. INVESTMENT SECURITIES – continued

Proceeds from sale of available-for-sale securities and the associated realized gains and losses were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In Thousands)			
Proceeds from sale of available-for-sale securities	\$ -	\$ -	\$ -	\$ 34,020
Gross realized gain on sale of available-for-sale securities	- -	- -	- -	69
Gross realized loss on sale of available-for-sale securities	- -	- -	- -	(291)
Net realized loss on sale of available-for-sale securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (222)</u>

The amortized cost and fair value of securities by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	September 30, 2024	
	Amortized Cost	Fair Value
	(In Thousands)	
Due in one year or less	\$ 7,589	\$ 7,527
Due from one to five years	36,223	33,943
Due from five to ten years	76,561	69,184
Due after ten years	95,251	91,228
	<u>215,624</u>	<u>201,882</u>
Mortgage-backed securities	24,848	23,793
Collateralized mortgage obligations	87,004	81,307
Total	<u>\$ 327,476</u>	<u>\$ 306,982</u>

As of September 30, 2024 and December 31, 2023, securities with a fair value of \$23,139,000 and \$23,076,000, respectively, were pledged to secure public deposits and for other purposes required or permitted by law.

The Company's investment securities that have been in a continuous unrealized loss position for less than twelve months and those that have been in a continuous unrealized loss position for twelve or more months were as follows:

	September 30, 2024			
	Less Than 12 Months		12 Months or Longer	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Thousands)			
U.S. government and agency obligations	\$ -	\$ -	\$ 1,822	\$ (107)
U.S. Treasury obligations	- -	- -	48,173	(4,397)
Municipal obligations	14,062	(83)	100,617	(9,400)
Corporate obligations	- -	- -	4,080	(168)
Mortgage-backed securities and collateralized mortgage obligations	2,010	(14)	97,607	(6,748)
Asset-backed securities	2,036	(19)	- -	- -
Total	<u>\$ 18,108</u>	<u>\$ (116)</u>	<u>\$ 252,299</u>	<u>\$ (20,820)</u>

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 2. INVESTMENT SECURITIES – continued

	December 31, 2023			
	Less Than 12 Months		12 Months or Longer	
	Fair Value	Gross Unrealized Losses (In Thousands)	Fair Value	Gross Unrealized Losses
U.S. government and agency obligations	\$ 402	\$ -	\$ 1,800	\$ (152)
U.S. Treasury obligations	-	-	46,816	(5,690)
Municipal obligations	12,000	(63)	91,869	(11,615)
Corporate obligations	-	-	3,905	(340)
Mortgage-backed securities and collateralized mortgage obligations	11,452	(156)	101,869	(9,658)
Asset-backed securities	2,521	(10)	2,202	(5)
Total	\$ 26,375	\$ (229)	\$ 248,461	\$ (27,460)

As of September 30, 2024 and December 31, 2023, there were, respectively, 267 and 286 securities in unrealized loss positions. Based on analysis of available-for-sale debt securities with unrealized losses as of September 30, 2024, the Company determined the decline in value was unrelated to credit losses and was primarily caused by changes in interest rates and market spreads subsequent to the initial purchase of the securities. Management does not intend to sell and the Company is not likely to be required to sell these securities prior to maturity. As a result, no ACL was recorded on available-for-sale securities at September 30, 2024 and December 31, 2023. As part of this determination, consideration was given to the extent to which fair value was less than amortized cost, adverse security ratings by a rating agency and other factors.

NOTE 3. LOANS RECEIVABLE

Loans receivable consisted of the following:

	September 30, 2024		December 31, 2023	
	(In Thousands)	(In Thousands)	(In Thousands)	(In Thousands)
Real estate loans:				
Residential 1-4 family	\$ 209,028	\$ 200,012		
Commercial real estate	914,698	909,413		
Other loans:				
Home equity	93,646	86,932		
Consumer	29,445	30,125		
Commercial	287,835	258,007		
Total	1,534,652	1,484,489		
Allowance for credit losses	(17,130)	(16,440)		
Total loans, net	\$ 1,517,522	\$ 1,468,049		

Included in the above are loans guaranteed by U.S. government agencies totaling \$13,513,000 and \$23,215,000 at September 30, 2024 and December 31, 2023, respectively.

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 3. LOANS RECEIVABLE – continued

The following table provides allowance for credit losses activity for the three months ended September 30, 2024.

	Residential 1-4 Family	Commercial Real Estate	Home Equity (In Thousands)	Consumer	Commercial	Total
<i>Allowance for credit losses on loans:</i>						
Beginning balance July 1, 2024	\$ 1,898	\$ 10,932	\$ 554	\$ 295	\$ 3,151	\$ 16,830
Charge-offs	-	-	-	(22)	-	(22)
Recoveries	-	3	-	-	2	5
Provision	38	202	9	2	66	317
Total ending allowance balance, September 30, 2024	<u>\$ 1,936</u>	<u>\$ 11,137</u>	<u>\$ 563</u>	<u>\$ 275</u>	<u>\$ 3,219</u>	<u>\$ 17,130</u>

The following table provides allowance for credit losses activity for the nine months ended September 30, 2024.

	Residential 1-4 Family	Commercial Real Estate	Home Equity (In Thousands)	Consumer	Commercial	Total
<i>Allowance for credit losses on loans:</i>						
Beginning balance, January 1, 2024	\$ 1,866	\$ 10,691	\$ 540	\$ 304	\$ 3,039	\$ 16,440
Charge-offs	-	-	-	(35)	-	(35)
Recoveries	-	13	-	2	66	81
Provision	70	433	23	4	114	644
Total ending allowance balance, September 30, 2024	<u>\$ 1,936</u>	<u>\$ 11,137</u>	<u>\$ 563</u>	<u>\$ 275</u>	<u>\$ 3,219</u>	<u>\$ 17,130</u>

The following table provides allowance for credit losses activity for the three months ended September 30, 2023.

	Residential 1-4 Family	Commercial Real Estate	Home Equity (In Thousands)	Consumer	Commercial	Total
<i>Allowance for credit losses on loans:</i>						
Beginning balance, July 1, 2023	\$ 1,786	\$ 10,011	\$ 526	\$ 318	\$ 2,919	\$ 15,560
Charge-offs	-	-	-	(20)	(102)	(122)
Recoveries	-	6	4	-	4	14
Provision	61	546	8	3	160	778
Total ending allowance balance, September 30, 2023	<u>\$ 1,847</u>	<u>\$ 10,563</u>	<u>\$ 538</u>	<u>\$ 301</u>	<u>\$ 2,981</u>	<u>\$ 16,230</u>

The following table provides allowance for credit losses activity for the nine months ended September 30, 2023.

	Residential 1-4 Family	Commercial Real Estate	Home Equity (In Thousands)	Consumer	Commercial	Total
<i>Allowance for credit losses on loans:</i>						
Beginning balance, January 1, 2023, prior to adoption of ASC 326"	\$ 1,472	\$ 9,037	\$ 509	\$ 342	\$ 2,640	\$ 14,000
Impact of adopting ASC 326	21	534	3	1	141	700
Charge-offs	-	-	-	(50)	(128)	(178)
Recoveries	195	17	13	1	16	242
Provision	159	975	13	7	312	1,466
Total ending allowance balance, September 30, 2023	<u>\$ 1,847</u>	<u>\$ 10,563</u>	<u>\$ 538</u>	<u>\$ 301</u>	<u>\$ 2,981</u>	<u>\$ 16,230</u>

EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 3. LOANS RECEIVABLE – continued

Internal classification of the loan portfolio by amortized cost and based on year originated was as follows:

	September 30, 2024								Total Loans
	2024	2023	2022	2021	2020	Prior	Revolving Loans		
	(In Thousands)								
RESIDENTIAL 1-4 FAMILY									
Pass	\$ 14,784	\$ 27,040	\$ 34,730	\$ 21,650	\$ 13,906	\$ 36,561	\$ 6,986	\$ 155,657	
Special Mention	-	-	678	-	-	-	-	678	
Substandard	-	-	-	-	-	476	-	476	
Total Residential 1-4 family	14,784	27,040	35,408	21,650	13,906	37,037	6,986	156,811	
Current-period gross charge-offs	-	-	-	-	-	-	-	-	
RESIDENTIAL 1-4 FAMILY CONSTRUCTION									
Pass	16,972	14,345	19,936	-	-	-	-	-	51,253
Substandard	-	207	-	757	-	-	-	-	964
Total Residential 1-4 family construction	16,972	14,552	19,936	757	-	-	-	-	52,217
Current-period gross charge-offs	-	-	-	-	-	-	-	-	
COMMERCIAL REAL ESTATE									
Pass	31,157	59,961	191,669	131,617	46,601	135,918	39,242	636,165	
Special Mention	-	-	1,472	-	1,790	-	-	3,262	
Substandard	-	497	-	469	-	3,626	-	4,592	
Total Commercial real estate	31,157	60,458	193,141	132,086	48,391	139,544	39,242	644,019	
Current-period gross charge-offs	-	-	-	-	-	-	-	-	
COMMERCIAL CONSTRUCTION AND DEVELOPMENT									
Pass	25,095	27,734	39,926	10,159	5,174	9,014	6,311	123,413	
Special Mention	-	-	497	-	-	-	-	497	
Substandard	-	-	441	-	2	970	-	1,413	
Total Commercial construction and development	25,095	27,734	40,864	10,159	5,176	9,984	6,311	125,323	
Current-period gross charge-offs	-	-	-	-	-	-	-	-	
FARMLAND									
Pass	16,646	18,522	30,680	18,876	20,742	35,023	3,261	143,750	
Special Mention	-	-	734	209	-	229	-	1,172	
Substandard	-	-	-	-	65	369	-	434	
Total Farmland	16,646	18,522	31,414	19,085	20,807	35,621	3,261	145,356	
Current-period gross charge-offs	-	-	-	-	-	-	-	-	
HOME EQUITY									
Pass	336	1,435	3,288	357	531	2,265	84,936	93,148	
Special Mention	-	-	-	-	-	-	96	96	
Substandard	-	-	-	44	-	92	266	402	
Total Home Equity	336	1,435	3,288	401	531	2,357	85,298	93,646	
Current-period gross charge-offs	-	-	-	-	-	-	-	-	
CONSUMER									
Pass	9,201	8,788	5,289	2,040	1,128	880	2,021	29,347	
Special Mention	-	-	13	-	-	-	-	13	
Substandard	-	6	33	-	27	17	2	85	
Total Consumer	9,201	8,794	5,335	2,040	1,155	897	2,023	29,445	
Current-period gross charge-offs	-	6	1	5	1	16	6	35	
COMMERCIAL									
Pass	15,227	29,313	20,307	18,555	18,332	6,645	34,563	142,942	
Substandard	-	-	8	25	-	211	4	248	
Total Commercial	15,227	29,313	20,315	18,580	18,332	6,856	34,567	143,190	
Current-period gross charge-offs	-	-	-	-	-	-	-	-	
AGRICULTURAL									
Pass	27,458	29,567	10,250	5,464	3,952	1,967	62,765	141,423	
Special Mention	476	409	99	15	-	-	710	1,709	
Substandard	-	149	-	-	-	515	849	1,513	
Total Agricultural	27,934	30,125	10,349	5,479	3,952	2,482	64,324	144,645	
Current-period gross charge-offs	-	-	-	-	-	-	-	-	
TOTAL LOANS									
Pass	\$156,876	\$216,705	\$356,075	\$208,718	\$110,366	\$228,273	\$ 240,085	1,517,098	
Special Mention	476	409	3,493	224	1,790	229	806	7,427	
Substandard	-	859	482	1,295	94	6,276	1,121	10,127	
Doubtful	-	-	-	-	-	-	-	-	
Total	\$157,352	\$217,973	\$360,050	\$210,237	\$112,250	\$234,778	\$ 242,012	\$1,534,652	

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 3. LOANS RECEIVABLE – continued

	December 31, 2023							
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total Loans
RESIDENTIAL 1-4 FAMILY								
Pass	\$ 10,987	\$ 15,696	\$ 24,575	\$ 38,738	\$ 28,122	\$ 30,938	\$ 6,179	\$ 155,235
Special Mention	-	-	-	940	-	228	-	1,168
Substandard	-	-	-	-	-	175	-	175
Total Residential 1-4 family	<u>10,987</u>	<u>15,696</u>	<u>24,575</u>	<u>39,678</u>	<u>28,122</u>	<u>31,341</u>	<u>6,179</u>	<u>156,578</u>
Current-period gross charge-offs	-	-	-	-	-	-	-	-
RESIDENTIAL 1-4 FAMILY CONSTRUCTION								
Pass	-	-	6,088	21,889	14,700	-	-	42,677
Substandard	-	-	757	-	-	-	-	757
Total Residential 1-4 family construction	-	-	<u>6,845</u>	<u>21,889</u>	<u>14,700</u>	-	-	<u>43,434</u>
Current-period gross charge-offs	-	-	-	-	-	-	-	-
COMMERCIAL REAL ESTATE								
Pass	55,820	50,408	141,407	154,941	63,174	103,620	31,122	600,492
Special Mention	2,593	1,948	493	1,512	1,314	-	-	7,860
Substandard	-	-	-	-	-	339	-	339
Total Commercial real estate	<u>58,413</u>	<u>52,356</u>	<u>141,900</u>	<u>156,453</u>	<u>64,488</u>	<u>103,959</u>	<u>31,122</u>	<u>608,691</u>
Current-period gross charge-offs	-	-	-	-	-	-	-	-
COMMERCIAL CONSTRUCTION AND DEVELOPMENT								
Pass	6,900	6,399	19,500	80,061	31,149	3,762	8,285	156,056
Special Mention	-	-	441	511	134	990	-	2,076
Total Commercial construction and development	<u>6,900</u>	<u>6,399</u>	<u>19,941</u>	<u>80,572</u>	<u>31,283</u>	<u>4,752</u>	<u>8,285</u>	<u>158,132</u>
Current-period gross charge-offs	-	-	-	-	-	-	-	-
FARMLAND								
Pass	9,551	21,728	19,795	36,291	19,452	29,551	4,480	140,848
Substandard	483	65	-	407	-	787	-	1,742
Total Farmland	<u>10,034</u>	<u>21,793</u>	<u>19,795</u>	<u>36,698</u>	<u>19,452</u>	<u>30,338</u>	<u>4,480</u>	<u>142,590</u>
Current-period gross charge-offs	-	-	-	-	-	-	-	-
HOME EQUITY								
Pass	621	565	376	3,630	1,736	2,398	77,409	86,735
Substandard	-	-	-	-	-	107	90	197
Total Home Equity	<u>621</u>	<u>565</u>	<u>376</u>	<u>3,630</u>	<u>1,736</u>	<u>2,505</u>	<u>77,499</u>	<u>86,932</u>
Current-period gross charge-offs	-	-	-	-	-	-	-	-
CONSUMER								
Pass	449	1,953	3,398	8,109	13,083	1,069	1,977	30,038
Special Mention	-	-	-	18	-	-	-	18
Substandard	-	37	-	8	-	22	2	69
Total Consumer	<u>449</u>	<u>1,990</u>	<u>3,398</u>	<u>8,135</u>	<u>13,083</u>	<u>1,091</u>	<u>1,979</u>	<u>30,125</u>
Current-period gross charge-offs	1	-	28	2	16	4	-	51
COMMERCIAL								
Pass	2,834	20,496	22,804	23,581	31,661	6,354	21,914	129,644
Special Mention	-	25	33	109	-	98	2,741	3,006
Substandard	-	-	17	9	-	33	-	59
Total Commercial	<u>2,834</u>	<u>20,521</u>	<u>22,854</u>	<u>23,699</u>	<u>31,661</u>	<u>6,485</u>	<u>24,655</u>	<u>132,709</u>
Current-period gross charge-offs	-	-	26	-	-	8	-	34
AGRICULTURAL								
Pass	1,473	5,818	7,241	16,856	40,176	1,517	50,461	123,542
Substandard	427	55	435	282	-	557	-	1,756
Total Agricultural	<u>1,900</u>	<u>5,873</u>	<u>7,676</u>	<u>17,138</u>	<u>40,176</u>	<u>2,074</u>	<u>50,461</u>	<u>125,298</u>
Current-period gross charge-offs	-	-	-	1	-	93	-	94
TOTAL LOANS								
Pass	88,635	123,063	245,184	384,096	243,253	179,209	201,827	1,465,267
Special Mention	2,593	1,973	967	3,090	1,448	1,316	2,741	14,128
Substandard	910	157	1,209	706	-	2,020	92	5,094
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 92,138</u>	<u>\$125,193</u>	<u>\$247,360</u>	<u>\$387,892</u>	<u>\$244,701</u>	<u>\$182,545</u>	<u>\$ 204,660</u>	<u>\$1,484,489</u>

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 3. LOANS RECEIVABLE – continued

The following tables include information regarding delinquencies within the loan portfolio.

September 30, 2024										
Loans Past Due and Still Accruing										
	30-89 Days Past Due	90 Days and Greater	Total	Nonaccrual Loans with no ACL	Nonaccrual Loans with ACL		Current Loans		Total Loans	
(In Thousands)										
Real estate loans:										
Residential 1-4 family	\$ 2,099	\$ -	\$ 2,099	\$ 370	\$ -	\$ 154,342	\$ 156,811			
Residential 1-4 family construction	116	-	116	964	-	51,137	52,217			
Commercial real estate	4,929	-	4,929	986	-	638,104	644,019			
Commercial construction and development	-	-	-	2	-	125,321	125,323			
Farmland	79	-	79	192	-	145,085	145,356			
Other loans:										
Home equity	422	-	422	320	-	92,904	93,646			
Consumer	223	-	223	105	15	29,102	29,445			
Commercial	84	94	178	58	21	142,933	143,190			
Agricultural	38	850	888	826	-	142,931	144,645			
Total	\$ 7,990	\$ 944	\$ 8,934	\$ 3,823	\$ 36	\$ 1,521,859	\$ 1,534,652			

December 31, 2023										
Loans Past Due and Still Accruing										
	30-89 Days Past Due	90 Days and Greater	Total	Nonaccrual Loans with no ACL	Nonaccrual Loans with ACL		Current Loans		Total Loans	
(In Thousands)										
Real estate loans:										
Residential 1-4 family	\$ 305	\$ -	\$ 305	\$ 297	\$ -	\$ 155,976	\$ 156,578			
Residential 1-4 family construction	-	-	-	757	-	42,677	43,434			
Commercial real estate	697	-	697	340	-	607,654	608,691			
Commercial construction and development	194	-	194	-	-	157,938	158,132			
Farmland	404	26	430	1,982	1,734	138,444	142,590			
Other loans:										
Home equity	32	-	32	182	-	86,718	86,932			
Consumer	115	-	115	45	15	29,950	30,125			
Commercial	-	-	-	27	-	132,682	132,709			
Agricultural	74	-	74	2,947	69	122,208	125,298			
Total	\$ 1,821	\$ 26	\$ 1,847	\$ 6,577	\$ 1,818	\$ 1,474,247	\$ 1,484,489			

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
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NOTE 3. LOANS RECEIVABLE – continued

Interest income recognized on nonaccrual loans for the three and nine months ended September 30, 2024 and 2023 is considered insignificant. Interest payments received on a cash basis related to nonaccrual loans were \$468,000 at September 30, 2024 and \$471,000 at December 31, 2023.

The following tables presents the amortized cost basis of collateral-dependent loans by class of loans.

	September 30, 2024		
	Real Estate	Business Assets	Other
	(In Thousands)		
Real estate loans:			
Residential 1-4 family	\$ 231	\$ -	\$ -
Residential 1-4 family construction	964	-	-
Commercial real estate	146	947	-
Farmland	173	-	-
Other loans:			
Home equity	139	-	-
Consumer	-	10	38
Commercial	-	150	-
Agricultural	-	1,243	-
Total	\$ 1,653	\$ 2,350	\$ 38

	December 31, 2023		
	Real Estate	Business Assets	Other
	(In Thousands)		
Real estate loans:			
Residential 1-4 family	\$ 264	\$ -	\$ -
Residential 1-4 family construction	757	-	-
Commercial real estate	39	300	-
Farmland	4,116	-	-
Other loans:			
Home equity	44	-	-
Consumer	-	-	36
Commercial	-	-	-
Agricultural	-	2,465	-
Total	\$ 5,220	\$ 2,765	\$ 36

During the three months ended September 30, 2024, the Company did not modify any loans. During the nine months ended September 30, 2024, the Company modified one farmland loan by extending the payment for seven months. The loan had amortized cost of \$ 155,000 or 0.1% of farmland loans at September 30, 2024. There was no forgiveness of principal, and the loan was current with its modified terms as of September 30, 2024.

During the three months ended September 30, 2023, the Company modified one commercial real estate loan with an amortized cost basis of \$ 431,000 or 0.1% of commercial real estate loans by consolidating four loans and refinancing into one short-term, interest only loan for 12 months. There was no forgiveness of principal, and the loan was paid off during the year ended December 31, 2023. During the nine months ended September 30, 2023, the Company modified two commercial real estate loans. The first loan was modified by consolidating four loans and refinancing into one short-term, interest only loan for 12 months. There was no forgiveness of principal, and the loan was paid off during the year ended December 31, 2023. The second commercial real estate loan was modified by consolidating two lines of credit and refinancing into one long-term loan for ten years. It had an amortized cost of \$534,000 or 0.1% of commercial real estate loans. There was no forgiveness of principal, and the loan was current with its modified terms as of September 30, 2024.

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 4. MORTGAGE SERVICING RIGHTS

The Company is servicing mortgage loans for the benefit of others which are not included in the condensed consolidated statements of financial condition and have unpaid principal balances of \$2,021,571,000 and \$2,066,505,000 at September 30, 2024 and December 31, 2023, respectively. Servicing loans for others generally consists of collecting mortgage payments, maintaining escrow accounts, disbursing payments to investors and foreclosure processing. Mortgage loan servicing fees were \$1,265,000 and \$1,262,000 for the three months ended September 30, 2024 and 2023, respectively. Mortgage loan servicing fees were \$3,844,000 and \$3,797,000 for the nine months ended September 30, 2024 and 2023, respectively. These fees, net of amortization, are included in mortgage banking, net, which is a component of noninterest income on the condensed consolidated statements of income.

Custodial balances maintained in connection with the foregoing loan servicing are included in noninterest checking deposits and were \$15,395,000 and \$8,539,000 at September 30, 2024 and December 31, 2023, respectively.

The following table is a summary of activity in mortgage servicing rights:

	As of or For the Three Months Ended September 30,	
	2024	2023
	(In Thousands)	
Mortgage servicing rights:		
Beginning balance	\$ 15,614	\$ 15,501
Mortgage servicing rights capitalized	342	681
Amortization of mortgage servicing rights	(513)	(444)
Ending balance	\$ 15,443	\$ 15,738
As of or For the Nine Months Ended September 30,		
	2024	2023
	(In Thousands)	
Mortgage servicing rights:		
Beginning balance	\$ 15,853	\$ 15,412
Mortgage servicing rights capitalized	941	1,656
Amortization of mortgage servicing rights	(1,351)	(1,330)
Ending balance	\$ 15,443	\$ 15,738

The fair values of these mortgage servicing rights were \$ 19,944,000 and \$20,388,000 at September 30, 2024 and December 31, 2023, respectively. The fair value of mortgage servicing rights was determined at loan level, depending on the interest rate and term of the specific loan, using the following valuation assumptions:

	September 30, 2024	December 31, 2023
Key assumptions:		
Discount rate	12%	12%
Prepayment speed range	0 - 226%	104 - 526%
Weighted average prepayment speed	120%	119%

NOTE 5. DEPOSITS

Deposits are summarized as follows:

	September 30, 2024	December 31, 2023
	(In Thousands)	
Noninterest checking	\$ 419,760	\$ 418,727
Interest-bearing checking	209,061	211,101
Savings	212,239	230,711
Money market	351,097	330,274
Time certificates of deposit	458,355	444,382
Total	\$ 1,650,512	\$ 1,635,195

Time certificates of deposit include \$22,097,000 and \$72,168,000 of fixed rate brokered certificates at September 30, 2024 and December 31, 2023, respectively.

EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 6. OTHER LONG-TERM DEBT

Other long-term debt consisted of the following:

	September 30, 2024			December 31, 2023		
	Principal Amount	Unamortized Debt Issuance Costs		Principal Amount	Unamortized Debt Issuance Costs	
		(In Thousands)				
Subordinated debentures fixed at 5.50% to floating, due 2030	\$ 15,000	\$ (194)	\$ 15,000	\$ (219)		
Subordinated debentures fixed at 3.50% to floating, due 2032	40,000	(850)	40,000	(937)		
Subordinated debentures variable at 3-Month SOFR plus 1.68%, due 2035	5,155	-	5,155	-		
Total other long-term debt	\$ 60,155	\$ (1,044)	\$ 60,155	\$ (1,156)		

In January 2022, the Company completed the issuance of \$40,000,000 in aggregate principal amount of subordinated notes due in 2032 in a private placement transaction to certain institutional accredited investors and qualified buyers. The notes bear interest at an annual fixed rate of 3.50% payable semi-annually. Starting February 1, 2027, interest will accrue at a floating rate per annum equal to a benchmark rate, which is expected to be three-month term Secured Overnight Financing Rate ("SOFR") plus a spread of 218.0 basis points, payable quarterly. The notes are subject to redemption at the option of the Company on or after February 1, 2027. The subordinated debentures qualify as Tier 2 capital for regulatory capital purposes.

In June 2020, the Company completed the issuance of \$15,000,000 in aggregate principal amount of subordinated notes due in 2030 in a private placement transaction to certain qualified institutional accredited investors. The notes bear interest at an annual fixed rate of 5.50% payable semi-annually. Starting July 1, 2025, interest will accrue at a floating rate per annum equal to a benchmark rate, which is expected to be three-month term SOFR plus a spread of 509.0 basis points, payable quarterly. The notes are subject to redemption at the option of the Company on or after July 1, 2025. The subordinated debentures qualify as Tier 2 capital for regulatory capital purposes.

In September 2005, the Company completed the private placement of \$5,155,000 in subordinated debentures to the Trust. The Trust funded the purchase of the subordinated debentures through the sale of trust preferred securities to First Tennessee Bank, N.A. with a liquidation value of \$5,155,000. Using interest payments made by the Company on the debentures, the Trust began paying quarterly dividends to preferred security holders in December 2005. The annual percentage rate of the interest payable on the subordinated debentures and distributions payable on the preferred securities was fixed at 6.02% until December 2010 then became variable at three-month LIBOR plus 1.42% until June 30, 2023, making the rate 6.20% as of December 31, 2023. In December of 2022, Governors of the Federal Reserve System adopted final rule 12 C.F.R. Part 253, Regulation Implementing the Adjustable Interest Rate (LIBOR) Act. Rule 253 identified SOFR-benchmark rates to replace LIBOR in certain financial contracts after June 30, 2023. As a result, the variable rate for interest payable converted to three-month CME Term SOFR plus 1.68% beginning during the quarter ended March 31, 2024. The rate was 6.27% as of September 30, 2024. Dividends on the preferred securities are cumulative and the Trust may defer the payments for up to five years. The preferred securities mature in December 2035 unless the Company elects and obtains regulatory approval to accelerate the maturity date. The subordinated debentures qualify as Tier 1 capital for regulatory purposes.

NOTE 7. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table includes information regarding the activity in accumulated other comprehensive income (loss).

	Unrealized (Losses) Gains on Securities Available-for-Sale (In Thousands)
Balance, July 1, 2024	\$ (20,877)
Other comprehensive income, before reclassifications and income taxes	7,847
Amounts reclassified from accumulated other comprehensive loss, before income taxes	-
Income tax provision	(2,066)
Total other comprehensive income	<u>5,781</u>
Balance, September 30, 2024	<u><u>\$ (15,096)</u></u>
Balance, July 1, 2023	\$ (23,723)
Other comprehensive loss, before reclassifications and income taxes	(9,763)
Amounts reclassified from accumulated other comprehensive loss, before income taxes	-
Income tax benefit	2,571
Total other comprehensive loss	<u>(7,192)</u>
Balance, September 30, 2023	<u><u>\$ (30,915)</u></u>
Balance, January 1, 2024	\$ (19,945)
Other comprehensive income, before reclassifications and income taxes	6,582
Amounts reclassified from accumulated other comprehensive loss, before income taxes	-
Income tax provision	(1,733)
Total other comprehensive income	<u>4,849</u>
Balance, September 30, 2024	<u><u>\$ (15,096)</u></u>
Balance, January 1, 2023	\$ (26,357)
Other comprehensive loss, before reclassifications and income taxes	(6,410)
Amounts reclassified from accumulated other comprehensive loss, before income taxes	222
Income tax benefit	1,630
Total other comprehensive loss	<u>(4,558)</u>
Balance, September 30, 2023	<u><u>\$ (30,915)</u></u>

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
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NOTE 8. EARNINGS PER COMMON SHARE

The computations of basic and diluted earnings per common share are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(Dollars in Thousands, Except Per Share Data)				
Basic weighted average shares outstanding	7,836,921	7,784,279	7,830,947	7,787,987
Dilutive effect of stock compensation	23,217	7,687	17,249	4,606
Diluted weighted average shares outstanding	<u>7,860,138</u>	<u>7,791,966</u>	<u>7,848,196</u>	<u>7,792,593</u>
Net income available to common shareholders	<u>\$ 2,709</u>	<u>\$ 2,635</u>	<u>\$ 6,345</u>	<u>\$ 7,892</u>
Basic earnings common per share	<u>\$ 0.35</u>	<u>\$ 0.34</u>	<u>\$ 0.81</u>	<u>\$ 1.01</u>
Diluted earnings per common share	<u>\$ 0.34</u>	<u>\$ 0.34</u>	<u>\$ 0.81</u>	<u>\$ 1.01</u>
Restricted stock units excluded from the diluted average outstanding share calculation because their effect would be anti-dilutive	<u>2,223</u>	<u>19,237</u>	<u>9,684</u>	<u>18,443</u>

NOTE 9. DERIVATIVES AND HEDGING ACTIVITIES

The Company enters into commitments to originate and sell mortgage loans. The Bank uses derivatives to hedge the risk of changes in fair values of interest rate lock commitments and mortgage loans held-for-sale. An optimal amount of mortgage loans are sold directly into bulk commitments with investors at the time an interest rate is locked, other loans are sold on an individual best-efforts basis at the time an interest rate is locked, and the remaining balance of locked loans are hedged using To-Be-Announced ("TBA") mortgage-backed securities or bulk mandatory forward loan sale commitments.

Derivatives are accounted for as free-standing or economic derivatives and are measured at fair value. Derivatives are recorded as either other assets or other liabilities on the condensed consolidated statements of condition.

Derivatives are summarized as follows:

	September 30, 2024			December 31, 2023		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Asset	Liability		Asset	Liability
		(In Thousands)				
Interest rate lock commitments	\$ 19,186	\$ -	\$ 40	\$ 15,670	\$ 15	\$ -
Forward TBA mortgage-backed securities	17,000	32	-	12,000	-	75

Changes in the fair value of the derivatives are recorded in mortgage banking, net, within noninterest income on the condensed consolidated statements of income. Net gains of \$118,000 were recorded for the three months ended September 30, 2024 compared to net gains of \$39,000 for the three months ended September 30, 2023. Net gains of \$51,000 were recorded for the nine months ended September 30, 2024, compared to net gains of \$133,000 for the nine months ended September 30, 2023.

NOTE 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Assets and liabilities that are measured at fair value are grouped in three levels within the fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The fair value hierarchy is as follows:

- Level 1 Inputs – Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs – Valuations are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuations for which all significant assumptions are observable or can be corroborated by observable market data.
- Level 3 Inputs – Valuations are based on unobservable inputs that may include significant management judgment and estimation.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy at the reporting date, is set forth below.

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 10. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

Available-for-Sale Securities – Securities classified as available-for-sale are reported at fair value utilizing Level 1 (nationally recognized securities exchanges) and Level 2 inputs. For level 2 securities, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include but is not limited to dealer quotes, market spreads, cash flows, the U. S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayments speeds, credit information and the bond's terms and conditions.

Loans Held-for-Sale – These loans are reported at fair value. Fair value is determined based on expected proceeds based on committed sales contracts and commitments of similar loans if not already committed and are considered Level 2 inputs.

Derivative Instruments – The fair value of the interest rate lock commitments, forward TBA mortgage-backed securities and mandatory forward commitments are estimated using quoted or published market prices for similar instruments and adjusted for factors such as pull-through rate assumptions based on historical information, where appropriate. Interest rate lock commitments are considered Level 3 inputs and forward TBA mortgage-backed securities and mandatory forward commitments are considered Level 2 inputs.

Collateral-Dependent Loans – Individually reviewed collateral-dependent loans are reported at the fair value of the underlying collateral less costs to sell. Collateral-dependent loans are considered Level 3 inputs. Collateral values are estimated using Level 3 inputs based on internally customized discounting criteria.

Real Estate and Other Repossessed Assets – Fair values are determined at the time the loan is foreclosed upon and the asset is transferred from loans. The value is based primarily on third party appraisals, less costs to sell and are considered Level 3 inputs for determining fair value. Repossessed assets are reviewed and evaluated periodically for additional impairment and adjusted accordingly.

Mortgage Servicing Rights – The fair value of mortgage servicing rights are estimated using net present value of expected cash flows based on a third party model that incorporates industry assumptions and is adjusted for factors such as prepayment speeds and are considered Level 3 inputs.

The following tables summarize financial assets and financial liabilities measured at fair value on a recurring basis, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

	September 30, 2024				
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs		Total Fair Value
	(In Thousands)				
Financial assets:					
Available-for-sale securities					
U.S. government and agency obligations	\$ -	\$ 5,449	\$ -	\$ 5,449	
U.S. Treasury obligations	48,173	-	-	-	48,173
Municipal obligations	-	136,353	-	136,353	
Corporate obligations	-	4,080	-	4,080	
Mortgage-backed securities	-	23,793	-	23,793	
Collateralized mortgage obligations	-	81,307	-	81,307	
Asset-backed securities	-	7,827	-	7,827	
Loans held-for-sale	-	13,429	-	13,429	
Forward TBA mortgage-backed securities	-	32	-	32	
Financial liabilities:					
Interest rate lock commitments	-	-	40	40	

	December 31, 2023				
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs		Total Fair Value
	(In Thousands)				
Financial assets:					
Available-for-sale securities					
U.S. government and agency obligations	\$ -	\$ 6,543	\$ -	\$ 6,543	
U.S. Treasury obligations	46,815	-	-	-	46,815
Municipal obligations	-	137,950	-	137,950	
Corporate obligations	-	3,905	-	3,905	
Mortgage-backed securities	-	26,753	-	26,753	
Collateralized mortgage obligations	-	86,568	-	86,568	
Asset-backed securities	-	9,745	-	9,745	
Loans held-for-sale	-	11,432	-	11,432	
Interest rate lock commitments	-	-	15	15	
Financial liabilities:					
Forward TBA mortgage-backed securities	-	75	-	75	

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 10. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

Certain financial assets may be measured at fair value on a nonrecurring basis. These assets are subject to fair value adjustments that result from the application of lower of cost or fair value accounting or write-downs of individual assets, such as impaired loans that are collateral-dependent, real estate and other repossessed assets and mortgage servicing rights.

The following table summarizes financial assets measured at fair value on a nonrecurring basis for which a nonrecurring change in fair value has been recorded during the reporting periods presented:

	September 30, 2024			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
	(In Thousands)			
Collateral-dependent loans individually evaluated, net of ACL	\$ -	\$ -	\$ 97	\$ 97
December 31, 2023				
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
	(In Thousands)			
Collateral-dependent loans individually evaluated, net of ACL	\$ -	\$ -	\$ 1,782	\$ 1,782

The following table represents the Banks's Level 3 financial assets and liabilities, the valuation techniques used to measure the fair value of those financial assets and liabilities, and the significant unobservable inputs and the ranges of values for those inputs.

Instrument	Principal Valuation Technique	Significant Unobservable Inputs	Range of Significant Input Values
Collateral-dependent loans individually evaluated	Fair value of underlying collateral	Discount applied to the obtained appraisal	10-30%
Real estate and other repossessed assets	Fair value of collateral	Discount applied to the obtained appraisal	10-30%
Interest rate lock commitments	Internal pricing model	Pull-through expectations	85-95%

The following tables provide a reconciliation of assets and liabilities measured at fair value using significant unobservable inputs (Level 3) on a recurring basis during the three and nine months ended September 30, 2024.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	Interest Rate Lock Commitments (In Thousands)		Interest Rate Lock Commitments (In Thousands)	
Beginning balance	\$ (91)	\$ (57)	\$ 15	\$ (81)
Purchases and issuances	(84)	(133)	(478)	(283)
Sales and settlements	135	(2)	423	172
Ending balance	<u>\$ (40)</u>	<u>\$ (192)</u>	<u>\$ (40)</u>	<u>\$ (192)</u>
Unrealized gains (losses) related to items held at end of period	\$ 51	\$ (135)	\$ (55)	\$ (111)

NOTE 10. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

The tables below summarize the estimated fair values of financial instruments of the Company, whether or not recognized at fair value on the condensed consolidated statements of condition. The tables are followed by methods and assumptions that were used by the Company in estimating the fair value of the classes of financial instruments.

	September 30, 2024					Carrying Amount
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs (In Thousands)	Total Estimated Fair Value	Carrying Amount	
Financial assets:						
Cash and cash equivalents	\$ 42,189	\$ -	\$ -	\$ 42,189	\$ 42,189	
FHLB stock	-	11,218	-	11,218	11,218	
FRB stock	-	4,131	-	4,131	4,131	
Loans receivable, gross	-	-	1,481,246	1,481,246	1,534,652	
Mortgage servicing rights	-	-	19,944	19,944	15,443	
Financial liabilities:						
Non-maturing interest-bearing deposits	-	772,397	-	772,397	772,397	
Time certificates of deposit	-	-	457,347	457,347	458,355	
FHLB advances and other borrowings	-	-	219,671	219,671	219,167	
Other long-term debt	-	-	58,961	58,961	60,155	

	December 31, 2023					Carrying Amount
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs (In Thousands)	Total Estimated Fair Value	Carrying Amount	
Financial assets:						
Cash and cash equivalents	\$ 24,545	\$ -	\$ -	\$ 24,545	\$ 24,545	
FHLB stock	-	9,191	-	9,191	9,191	
FRB stock	-	4,131	-	4,131	4,131	
Loans receivable, gross	-	-	1,416,203	1,416,203	1,484,489	
Mortgage servicing rights	-	-	20,388	20,388	15,853	
Financial liabilities:						
Non-maturing interest-bearing deposits	-	772,086	-	772,086	772,086	
Time certificates of deposit	-	-	441,939	441,939	444,382	
FHLB advances and other borrowings	-	-	175,842	175,842	175,737	
Other long-term debt	-	-	58,094	58,094	60,155	

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**Introduction**

Eagle Bancorp Montana, Inc. is a bank holding company registered under the Bank Holding Company Act, is incorporated under the laws of Delaware and headquartered in Helena, Montana. Its wholly-owned subsidiary, Opportunity Bank of Montana (the "Bank"), is a Montana-state-chartered bank that is a member of the Federal Reserve System.

This discussion and analysis provides information that management believes is necessary to understand Eagle's financial condition, changes in financial condition, results of operations, and cash flows for the three and nine months ended September 30, 2024, as compared to 2023. The following should be read in conjunction with the Company's Consolidated Financial Statements, and accompanying Notes thereto, for the year ended December 31, 2023, included in Eagle's Annual Report on Form 10-K filed with the United States Securities and Exchange Commission (SEC) on March 6, 2024, and in conjunction with the Condensed Consolidated Financial Statements, and accompanying Notes thereto, included in Part I - Item 1. Financial Statements. The results of operations for the three and nine months ended September 30, 2024, are not necessarily indicative of the future results that may be attained for the entire year or other interim periods.

Executive Summary

The Company's primary business activity is the ownership of the Bank. The Bank focuses on consumer, commercial, and agricultural lending. It engages in typical banking activities: acquiring deposits from local markets and originating loans and investing in securities. Our earnings depend primarily on our level of net interest income, which is the difference between interest earned on our interest-earning assets, consisting primarily of loans and investment securities, and the interest paid on interest-bearing liabilities, consisting primarily of deposits, borrowed funds, and trust-preferred securities. Net interest income is a function of our interest rate spread, which is the difference between the average yield earned on our interest-earning assets and the average rate paid on our interest-bearing liabilities, as well as a function of the average balance of interest-earning assets compared to interest-bearing liabilities. Also contributing to our earnings is noninterest income, which consists primarily of service charges and fees on loan and deposit products and services, net gains and losses on sale of assets, and mortgage loan service fees. Net interest income and noninterest income are offset by provisions for credit losses, general administrative and other expenses, including salaries and employee benefits and occupancy and equipment costs, as well as by state and federal income tax expense.

The Bank has focused on diversifying the loan portfolio over the past decade, adding commercial and agricultural loans to the strong mortgage lending proficiency. Loan originations represented by single-family residential mortgages enabled the Bank to successfully market home equity loans, as well as a wide range of shorter-term consumer loans for various personal needs (automobiles, recreational vehicles, etc.). The Bank has grown the commercial loan portfolio in both real estate and non-real estate, and further added agricultural loans, which have a shorter term and slightly higher interest rate, through acquisitions. The purpose of diversification is to mitigate the Bank's exposure to specific market segments, as well as to improve our ability to manage our interest rate spread. This has provided additional interest income and improved interest rate sensitivity. The Bank's management recognizes that fee income will also enable it to be less dependent on specialized lending and it now maintains a significant loan serviced portfolio which provides a steady source of fee income. Fee income is also supplemented with fees generated from deposit accounts. The Bank has a high percentage of non-maturity deposits, such as checking accounts and savings accounts, which allows management flexibility in managing its spread. Non-maturity deposits and certificates of deposits do not automatically reprice as interest rates rise. Gain on sale of loans also provides significant noninterest income in periods of high mortgage loan origination volumes. Such income will be, and has recently been, adversely affected in periods of lower mortgage activity.

Management continues to focus on improving the Bank's earnings. Management believes the Bank needs to continue to concentrate on increasing net interest margin, other areas of fee income and control of operating expenses to achieve earnings growth going forward. Management's strategy of growing the loan portfolio and deposit base is expected to help achieve these goals as follows: loans typically earn higher rates of return than investments; a larger deposit base should yield higher fee income; increasing the asset base will reduce the relative impact of fixed operating costs. The biggest challenge to this strategy is funding growth in an efficient manner. It may become more difficult to maintain deposit growth due to significant competition, the current conditions in the banking industry and possible reduced customer demand for deposits as customers may shift into other asset classes.

The level and movement of interest rates impacts the Bank's earnings as well. The Federal Open Market Committee increased the federal funds target rate to 5.50% during the year ended December 31, 2023. The rate was decreased to 5.00% during the nine months ended September 30, 2024.

Financial Condition

Comparisons of financial condition in this section are between September 30, 2024 and December 31, 2023.

Total assets were \$2.15 billion at September 30, 2024, an increase of \$69.44 million, or 3.3% from \$2.08 billion at December 31, 2023. Loans receivable, net increased by \$49.47 million or 3.4% from December 31, 2023. Total cash and cash equivalents also increased \$17.64 million or 71.9% from December 31, 2023. However, securities available-for-sale decreased \$11.30 million, or 3.6% from December 31, 2023. Total liabilities were \$1.97 billion at September 30, 2024, an increase of \$60.99 million, or 3.2% from \$1.91 billion at December 31, 2023. The increase was largely due to an increase in FHLB advances and other borrowings and an increase in total deposits. Total borrowings increased \$43.54 million from December 31, 2023, and total deposits increased \$15.31 million from December 31, 2023. Total shareholders' equity increased \$8.46 million, or 5.0% from December 31, 2023.

Financial Condition Details***Investment Activities***

The following table summarizes investment activities:

	September 30, 2024		December 31, 2023	
	Fair Value	Percentage of Total (Dollars in Thousands)	Fair Value	Percentage of Total
Securities available-for-sale:				
U.S. government and agency obligations	\$ 5,449	1.78%	\$ 6,543	2.06%
U.S. treasury obligations	48,173	15.69	46,815	14.71
Municipal obligations	136,353	44.41	137,950	43.33
Corporate obligations	4,080	1.33	3,905	1.23
Mortgage-backed securities	23,793	7.75	26,753	8.41
Collateralized mortgage obligations	81,307	26.49	86,568	27.20
Asset-backed securities	7,827	2.55	9,745	3.06
Total securities available-for-sale	\$ 306,982	100.00%	\$ 318,279	100.00%

Securities available-for-sale were \$306.98 million at September 30, 2024, a decrease of \$11.30 million, or 3.6%, from \$318.28 million at December 31, 2023. The decrease was primarily due to maturity, principal payments and call activity of \$17.13 million offset by an increase in fair value of \$6.58 million.

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition – continued***Lending Activities***

The following table includes the composition of the Bank's loan portfolio by loan category:

	September 30, 2024		December 31, 2023	
	Amount	Percent of Total (Dollars in thousands)	Amount	Percent of Total
Real estate loans:				
Residential 1-4 family (1)	\$ 156,811	10.22%	\$ 156,578	10.55%
Residential 1-4 family construction	52,217	3.40	43,434	2.93
Total residential 1-4 family	<u>209,028</u>	<u>13.62</u>	<u>200,012</u>	<u>13.48</u>
Commercial real estate	644,019	41.96	608,691	40.99
Commercial construction and development	125,323	8.17	158,132	10.65
Farmland	145,356	9.47	142,590	9.61
Total commercial real estate	<u>914,698</u>	<u>59.60</u>	<u>909,413</u>	<u>61.25</u>
Total real estate loans	<u>1,123,726</u>	<u>73.22</u>	<u>1,109,425</u>	<u>74.73</u>
Other loans:				
Home equity	93,646	6.10	86,932	5.86
Consumer	29,445	1.92	30,125	2.03
Commercial	143,190	9.33	132,709	8.94
Agricultural	144,645	9.43	125,298	8.44
Total commercial loans	<u>287,835</u>	<u>18.76</u>	<u>258,007</u>	<u>17.38</u>
Total other loans	<u>410,926</u>	<u>26.78</u>	<u>375,064</u>	<u>25.27</u>
Total loans	<u>1,534,652</u>	<u>100.00%</u>	<u>1,484,489</u>	<u>100.00%</u>
Allowance for credit losses	<u>(17,130)</u>		<u>(16,440)</u>	
Total loans, net	<u>\$ 1,517,522</u>		<u>\$ 1,468,049</u>	

(1) Excludes loans held-for-sale.

Loans receivable, net increased \$49.47 million, or 3.4%, to \$1.52 billion at September 30, 2024 from \$1.47 billion at December 31, 2023. The increase was largely driven by an increase in total commercial loans of \$29.83 million in addition to increases in total residential loans of \$9.02 million, home equity loans of \$6.72 million and commercial real estate loans of \$5.29 million. The increase was slightly offset by a decrease of \$680,000 in consumer loans.

Total loan originations were \$398.50 million for the nine months ended September 30, 2024. Total residential 1-4 family originations were \$191.03 million, which includes \$150.24 million of loans held-for-sale originations. Total commercial real estate originations were \$90.70 million. Total commercial originations were \$83.94 million. Home equity loan originations totaled \$22.33 million. Consumer loan originations totaled \$10.50 million. Loans held-for-sale increased by \$2.00 million to \$13.43 million at September 30, 2024 from \$11.43 million at December 31, 2023.

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Financial Condition – continued***Lending Activities– continued***

Generally, our collection procedures provide that when a loan is 15 or more days delinquent, the borrower is sent a past due notice. If the loan becomes 30 days delinquent, the borrower is sent a written delinquency notice requiring payment. If the delinquency continues, subsequent efforts are made to contact the delinquent borrower, including face to face meetings and counseling to resolve the delinquency. All collection actions are undertaken with the objective of compliance with the Fair Debt Collection Act.

For mortgage loans and home equity loans, if the borrower is unable to cure the delinquency or reach a payment agreement, we will institute foreclosure actions. If a foreclosure action is taken and the loan is not reinstated, paid in full or refinanced, the property is sold at judicial sale at which we may be the buyer if there are no adequate offers to satisfy the debt. Any property acquired as the result of foreclosure, or by deed in lieu of foreclosure, is classified as real estate owned until such time as it is sold or otherwise disposed of. When real estate owned is acquired, it is recorded at its fair market value less estimated selling costs. The initial recording of any loss is charged to the allowance for credit losses. Subsequent write-downs are recorded as a charge to operations. As of September 30, 2024 and December 31, 2023 there was \$4,000 and \$5,000 of real estate owned and other repossessed property.

The following table sets forth information regarding nonperforming assets:

	September 30, 2024	December 31, 2023
	(Dollars in Thousands)	
Nonaccrual loans		
Real estate loans:		
Residential 1-4 family	\$ 370	\$ 297
Residential 1-4 family construction	964	757
Commercial real estate	986	340
Commercial construction and development	2	-
Farmland	192	3,716
Other loans:		
Home equity	320	182
Consumer	120	60
Commercial	79	27
Agricultural	826	3,016
Accruing loans delinquent 90 days or more		
Real estate loans:		
Farmland	-	26
Other loans:		
Commercial	94	-
Agricultural	850	-
Total nonperforming loans	4,803	8,421
Real estate owned and other repossessed property, net	4	5
Total nonperforming assets	\$ 4,807	\$ 8,426
Total nonperforming loans to total loans	0.31%	0.57%
Total nonperforming loans to total assets	0.22%	0.41%
Total nonaccrual loans to total loans	0.25%	0.57%
Total nonperforming assets to total assets	0.22%	0.41%

Nonaccrual loans as of September 30, 2024 and December 31, 2023 include \$1.34 million and \$1.68 million, respectively of acquired loans that deteriorated subsequent to the acquisition date.

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The following tables include the composition of the commercial real estate loan category:

(In Thousands)	September 30, 2024			
	Non-Owner Occupied	Owner Occupied	Total	Percent of Total CRE
Automotive related	\$ -	\$ 24,205	\$ 24,205	3.76%
Bars and restaurants	6,384	14,548	20,932	3.25
Car washes	11,217	-	11,217	1.74
Construction and related industries	22,562	12,117	34,679	5.38
Healthcare and social assistance	10,592	14,112	24,704	3.84
Hospitality industry related	-	15,694	15,694	2.44
Hotels and other traveler accommodations	67,281	-	67,281	10.45
Industrial/warehouse	45,153	-	45,153	7.01
Lessors of mini warehouses and self-storage units	14,371	-	14,371	2.23
Lessors of nonresidential buildings	67,798	-	67,798	10.53
Lessors of other real estate property	30,635	-	30,635	4.76
Multifamily	99,510	-	99,510	15.45
Office space	20,776	38,554	59,330	9.21
Other real estate rental and leasing	6,975	-	6,975	1.08
Real estate leasing activities	-	40,487	40,487	6.29
Wholesale and retail trade	12,638	15,197	27,835	4.32
Other	30,338	22,875	53,213	8.26
Total commercial real estate	<u>\$ 446,230</u>	<u>\$ 197,789</u>	<u>\$ 644,019</u>	<u>100.00%</u>
December 31, 2023				
(In Thousands)	Non-Owner Occupied	Owner Occupied	Total	Percent of Total CRE
	\$ -	\$ 22,241	\$ 22,241	3.65%
Automotive related	5,565	14,955	20,519	3.37
Bars and restaurants	10,792	-	10,792	1.77
Car washes	17,530	11,840	29,370	4.83
Construction and related industries	10,206	21,564	31,770	5.22
Healthcare and social assistance	-	14,756	14,756	2.42
Hospitality industry related	58,157	-	58,157	9.55
Hotels and other traveler accommodations	43,983	-	43,983	7.23
Industrial/warehouse	13,959	-	13,959	2.29
Lessors of mini warehouses and self-storage units	63,515	-	63,515	10.44
Lessors of nonresidential buildings	9,778	-	9,778	1.61
Lessors of other real estate property	86,980	-	86,980	14.30
Multifamily	20,150	40,657	60,807	9.99
Office space	4,877	-	4,877	0.80
Other real estate rental and leasing	-	28,998	28,998	4.76
Real estate leasing activities	14,575	13,861	28,436	4.67
Wholesale and retail trade	54,556	25,197	79,754	13.10
Total commercial real estate	<u>\$ 414,623</u>	<u>\$ 194,069</u>	<u>\$ 608,691</u>	<u>100.00%</u>

Commercial real estate loans made up \$644.02 million or 42.0% of the Bank's total loan portfolio at September 30, 2024, compared to \$608.69 million or 41.0% at December 31, 2023. The Bank's commercial real estate loans are primarily permanent loans secured by improved property such as office buildings, retail stores, commercial warehouses, and apartment buildings. The terms and conditions of each loan are tailored to the needs of the borrower and based on the financial strength of the project and any guarantors. Generally, commercial real estate loans originated by the Bank will not exceed 80.0% of the appraised value or the selling price of the property, whichever is less. The Bank's commercial real estate portfolio's average loan-to-value ratio range was 26% to 51% as of September 30, 2024.

The Bank's asset quality with respect to commercial real estate loans has remained strong despite recent economic and market conditions. The Bank has limited exposure in the office space sector, none of which is located in central business districts. Management believes that the Bank has implemented appropriate risk management practices, including regular and ongoing loan reviews, stress tests, and sensitivity analysis. Loan reviews include monitoring past due rates, non-performing trends, concentrations, loan to values, and other qualitative factors. The Bank's loan policy is robust and is updated annually or as needed to meet the risk mitigation and strategic goals of the bank.

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
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Financial Condition – continued***Deposits and Other Sources of Funds***

The following table includes deposit accounts by category:

	September 30, 2024		December 31, 2023	
	Amount	Percent of Total (Dollars in Thousands)	Amount	Percent of Total
Noninterest checking	\$ 419,760	25.43%	\$ 418,727	25.61%
Interest-bearing checking	209,061	12.67	211,101	12.91
Savings	212,239	12.86	230,711	14.11
Money market	351,097	21.27	330,274	20.20
Total	1,192,157	72.23	1,190,813	72.83
Certificates of deposit accounts:				
IRA certificates	21,926	1.33	22,960	1.40
Brokered certificates	22,097	1.34	72,168	4.41
Other certificates	414,332	25.10	349,254	21.36
Total certificates of deposit	458,355	27.77	444,382	27.17
Total deposits	\$ 1,650,512	100.00%	\$ 1,635,195	100.00%

Deposits increased by \$15.31 million, or 0.9%, from December 31, 2023 to September 30, 2024. Money market deposits increased \$20.82 million, time certificates of deposit increased \$13.97 million, and noninterest checking increased \$1.03 million. These increases were partially offset by decreases in savings of \$18.47 million and interest-bearing checking of \$2.04 million. Brokered certificates decreased by \$50.07 million and IRA certificates decreased by \$1.03 million. These decreases were offset by an increase in other certificates of deposit of \$65.08 million.

The estimated amount of uninsured deposits was approximately \$307.00 million or 18% of total deposits at September 30, 2024 compared to approximately \$275.00 million or 17% of total deposits at December 31, 2023.

The following table summarizes borrowing activity:

	September 30, 2024		December 31, 2023	
	Net Amount	Percent of Total (Dollars in Thousands)	Net Amount	Percent of Total
FHLB advances and other borrowings	\$ 219,167	78.76%	\$ 175,737	74.87%
Other long-term debt:				
Subordinated debentures fixed at 5.50% to floating, due 2030	14,806	5.32	14,781	6.30
Subordinated debentures fixed at 3.50% to floating, due 2032	39,150	14.07	39,063	16.64
Subordinated debentures variable, due 2035	5,155	1.85	5,155	2.19
Total other long-term debt	59,111	21.24	58,999	25.13
Total borrowings	\$ 278,278	100.00%	\$ 234,736	100.00%

Total borrowings increased by \$43.54 million, or 18.5%, to \$278.28 million at September 30, 2024 from \$234.74 million at December 31, 2023. The increase is due to an increase in FHLB advances and other borrowings and continues to be a source to help fund loan growth.

Shareholders' Equity

Total shareholders' equity increased by \$8.46 million, or 5.0%, to \$177.73 million at September 30, 2024 from \$169.27 million at December 31, 2023. The increase was primarily attributed to net income of \$6.35 million and a decrease in unrealized losses of securities available for sale of \$4.85 million. These were offset by an increase in dividends paid of \$3.39 million.

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
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Analysis of Net Interest Income

The Bank's earnings have historically depended primarily upon net interest income, which is the difference between interest income earned on loans and investments and interest paid on deposits and any borrowed funds. It is the single largest component of Eagle's operating income. Net interest income is affected by (i) the difference between rates of interest earned on loans and investments and rates paid on interest-bearing deposits and borrowings (the "interest rate spread") and (ii) the relative amounts of loans and investments and interest-bearing deposits and borrowings.

The following table includes average balances for financial condition items, as well as interest and dividends and average yields related to the average balances. All average balances are daily average balances. Nonaccrual loans were included in the computation of average balances, but have been reflected in the table as loans carrying a zero yield. The yields include the effect of deferred fees and discounts and premiums that are amortized or accreted to interest income or expense.

	For the Three Months Ended September 30,					
	2024		2023			
	Average Daily Balance	Interest and Dividends	Yield/Cost(4)	Average Daily Balance	Interest and Dividends	Yield/Cost(4)
Assets:						
Interest-earning assets:						
Investment securities	\$ 305,730	\$ 2,598	3.37%	\$ 319,308	\$ 2,794	3.47%
FHLB and FRB stock	14,909	266	7.08	14,302	212	5.88
Loans receivable(1)	1,547,246	23,802	6.10	1,476,584	21,068	5.66
Other earning assets	6,784	94	5.50	2,416	20	3.28
Total interest-earning assets	1,874,669	26,760	5.66	1,812,610	24,094	5.27
Noninterest-earning assets	242,170			239,833		
Total assets	\$ 2,116,839			\$ 2,052,443		
Liabilities and equity:						
Interest-bearing liabilities:						
Deposit accounts:						
Checking	\$ 212,451	\$ 98	0.18%	\$ 227,938	\$ 88	0.15%
Savings	208,199	33	0.06	231,465	38	0.07
Money market	359,018	2,326	2.57	324,895	1,576	1.92
Certificates of deposit	435,610	4,733	4.31	386,646	3,450	3.54
FHLB advances and other borrowings	228,467	3,084	5.36	192,880	2,672	5.50
Other long-term debt	59,099	684	4.59	58,950	683	4.60
Total interest-bearing liabilities	1,502,844	10,958	2.89	1,422,774	8,507	2.37
Noninterest checking	406,976			431,826		
Other noninterest-bearing liabilities	41,857			38,910		
Total liabilities	1,951,677			1,893,510		
Total equity	165,162			158,933		
Total liabilities and equity	\$ 2,116,839			\$ 2,052,443		
Net interest income/interest rate spread(2)	\$ 15,802	2.77%		\$ 15,587	2.90%	
Net interest margin(3)		3.34%				3.41%
Total interest-earning assets to interest-bearing liabilities		124.74%				127.40%

(1) Includes loans held-for-sale.

(2) Interest rate spread represents the difference between the average yield on interest-earning assets and the average rate on interest-bearing liabilities.

(3) Net interest margin represents income before the provision for loan losses divided by average interest-earning assets.

(4) For purposes of this table, tax exempt income is not calculated on a tax equivalent basis.

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	For the Nine Months Ended September 30,					
	2024			2023		
	Average Daily Balance	Interest and Dividends	Yield/Cost(4)	Average Daily Balance	Interest and Dividends	Yield/Cost(4)
(Dollars in Thousands)						
Assets:						
Interest-earning assets:						
Investment securities	\$ 308,688	\$ 7,953	3.43%	\$ 335,898	\$ 8,586	3.42%
FHLB and FRB stock	13,825	777	7.49	12,610	480	5.09
Loans receivable(1)	1,519,951	68,526	6.01	1,417,291	57,942	5.47
Other earning assets	5,004	268	7.14	2,562	66	3.44
Total interest-earning assets	<u>1,847,468</u>	<u>77,524</u>	<u>5.59</u>	<u>1,768,361</u>	<u>67,074</u>	<u>5.07</u>
Noninterest-earning assets		239,483		231,503		
Total assets	<u><u>\$ 2,086,951</u></u>			<u><u>\$ 1,999,864</u></u>		
Liabilities and equity:						
Interest-bearing liabilities:						
Deposit accounts:						
Checking	\$ 217,158	\$ 283	0.17%	\$ 239,494	\$ 538	0.30%
Savings	214,763	102	0.06	243,939	110	0.06
Money market	348,695	6,495	2.48	333,731	3,685	1.48
Certificates of deposit	437,644	13,742	4.18	336,659	7,434	2.95
FHLB advances and other borrowings	200,667	8,206	5.45	151,819	5,993	5.28
Other long-term debt	59,062	2,048	4.62	58,912	2,035	4.62
Total interest-bearing liabilities	<u>1,477,989</u>	<u>30,876</u>	<u>2.78</u>	<u>1,364,554</u>	<u>19,795</u>	<u>1.94</u>
Noninterest checking		406,376		442,377		
Other noninterest-bearing liabilities		39,480		32,016		
Total liabilities	<u><u>1,923,845</u></u>			<u><u>1,838,947</u></u>		
Total equity	<u><u>163,106</u></u>			<u><u>160,917</u></u>		
Total liabilities and equity	<u><u>\$ 2,086,951</u></u>			<u><u>\$ 1,999,864</u></u>		
Net interest income/interest rate spread(2)	<u><u>\$ 46,648</u></u>		<u><u>2.81%</u></u>	<u><u>\$ 47,279</u></u>		<u><u>3.13%</u></u>
Net interest margin(3)			3.36%			3.57%
Total interest-earning assets to interest-bearing liabilities			125.00%			129.59%

(1) Includes loans held-for-sale.

(2) Interest rate spread represents the difference between the average yield on interest-earning assets and the average rate on interest-bearing liabilities.

(3) Net interest margin represents income before the provision for loan losses divided by average interest-earning assets.

(4) For purposes of this table, tax exempt income is not calculated on a tax equivalent basis.

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
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Rate/Volume Analysis

The following tables present the dollar amount of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to: (1) changes in volume multiplied by the old rate; (2) changes in rate, which are changes in rate multiplied by the old volume; and (3) changes not solely attributable to rate or volume, which have been allocated proportionately to the change due to volume and the change due to rate.

	For the Three Months Ended September 30,					
	2024			2023		
	Volume	Due to Rate	Net (In Thousands)	Volume	Due to Rate	Net
Interest-earning assets:						
Investment securities	\$ (119)	\$ (77)	\$ (196)	\$ (401)	\$ 640	\$ 239
FHLB and FRB stock	9	45	54	67	82	149
Loans receivable(1)	1,008	1,726	2,734	2,244	2,159	4,403
Other earning assets	36	38	74	(47)	8	(39)
Total interest-earning assets	934	1,732	2,666	1,863	2,889	4,752
Interest-bearing liabilities:						
Checking	(6)	16	10	(9)	29	20
Savings	(4)	(1)	(5)	(7)	20	13
Money Market	166	584	750	(37)	1,306	1,269
Certificates of deposit	437	846	1,283	286	2,847	3,133
FHLB advances and other borrowings	493	(81)	412	2,286	250	2,536
Other long-term debt	2	(1)	1	(1)	82	81
Total interest-bearing liabilities	1,088	1,363	2,451	2,518	4,534	7,052
Change in net interest income	\$ (154)	\$ 369	\$ 215	\$ (655)	\$ (1,645)	\$ (2,300)
For the Nine Months Ended September 30,						
	2024			2023		
	Volume	Due to Rate	Net (In Thousands)	Volume	Due to Rate	Net
Interest earning assets:						
Investment securities	\$ (696)	\$ 63	\$ (633)	\$ 52	\$ 2,671	\$ 2,723
FHLB and FRB stock	46	251	297	186	134	320
Loans receivable(1)	4,197	6,387	10,584	10,235	4,774	15,009
Other earning assets	63	139	202	(194)	54	(140)
Total interest earning assets	3,610	6,840	10,450	10,279	7,633	17,912
Interest bearing liabilities:						
Checking	(50)	(205)	(255)	1	431	432
Savings	(13)	5	(8)	(9)	25	16
Money Market	165	2,645	2,810	(32)	2,958	2,926
Certificates of deposit	2,230	4,078	6,308	473	6,469	6,942
FHLB advances and other borrowings	1,928	285	2,213	2,868	2,968	5,836
Other long-term debt	5	8	13	(38)	218	180
Total interest bearing liabilities	4,265	6,816	11,081	3,263	13,069	16,332
Change in net interest income	\$ (655)	\$ 24	\$ (631)	\$ 7,016	\$ (5,436)	\$ 1,580

(1) Includes loans held-for-sale.

Results of Operations for the Three Months Ended September 30, 2024 and 2023

Net Income. Eagle's net income for the three months ended September 30, 2024 was \$2.71 million compared to \$2.64 million for the three months ended September 30, 2023. The increase of \$74,000 was due to a decrease in noninterest expense of \$605,000 and an increase in net interest income after provision for credit losses of \$526,000. These were largely offset by a decrease in noninterest income of \$1.06 million and an increase in provision for income taxes of \$5,000. For the current period, basic earnings per common share was \$0.35 and diluted earnings per common share was \$0.34. Basic and diluted earnings per common share were both \$0.34 for the prior year comparable period.

Net Interest Income. Net interest income increased to \$15.80 million for the three months ended September 30, 2024, from \$15.59 million for the same quarter in the prior year. The increase of \$215,000, or 1.4%, was the result of an increase in interest and dividend income of \$2.67 million largely offset by an increase in interest expense of \$2.45 million.

Interest and Dividend Income. Interest and dividend income was \$26.76 million for the three months ended September 30, 2024, compared to \$24.09 million for the three months ended September 30, 2023. The increase of \$2.67 million, or 11.1% was driven by interest and fees on loans, which increased to \$23.80 million for the three months ended September 30, 2024, from \$21.07 million for the three months ended September 30, 2023. The increase in interest and fees on loans was due to an increase in the average yield on loans, as well as an increase in the average balance of loans. The average interest rate earned on loans receivable increased by 44 basis points, from 5.66% for the three months ended September 30, 2023, to 6.10% for the current period. Interest accretion on purchased loans was \$167,000 for the three months ended September 30, 2024, which resulted in a 3 basis point increase in net interest margin compared to \$175,000 for the three months ended September 30, 2023, which resulted in a 4 basis point increase in net interest margin. Average balances for loans receivable, including loans held-for-sale, for the three months ended September 30, 2024 were \$1.55 billion compared to \$1.48 billion for the prior year period. This represents an increase of \$70.67 million, or 4.8% and was due to organic growth. Interest on investment securities available-for-sale decreased by \$196,000 period over period, primarily due to the decrease in average balances for investments from \$319.31 million for the three months ended September 30, 2023 to \$305.73 million for the three months ended September 30, 2024.

Interest Expense. Total interest expense was \$10.96 million for the three months ended September 30, 2024, compared to \$8.51 million for the three months ended September 30, 2023. The increase of \$2.45 million was due to an increase of \$2.04 million in interest expense on deposits, as well as a net increase of \$413,000 in interest expense on total borrowings. The overall average rate on total deposits was up from 1.28% for the three months ended September 30, 2023, compared to 1.76% for the three months ended September 30, 2024. In addition, the average balance for total deposits was \$1.62 billion for the three months ended September 30, 2024, compared to \$1.60 billion for the three months ended September 30, 2023. The increase in interest expense on total borrowings was driven by the average balance of FHLB advances and other borrowings, increasing from \$192.88 million for the three months ended September 30, 2023, to \$228.47 million for the three months ended September 30, 2024. Short-term borrowings have increased to fund loan growth. However, the average rate paid on FHLB advances and other borrowings decreased from 5.50% for the three months ended September 30, 2023, to 5.36% for the three months ended September 30, 2024.

Provision for Credit Losses. Provision for credit losses was \$277,000 for the three months ended September 30, 2024, compared to \$588,000 in provision for credit losses for the three months ended September 30, 2023. The provision for credit losses for the three months ended September 30, 2024 includes a provision for credit losses on loans of \$317,000 and a decrease in the provision for unfunded commitments of \$40,000.

Noninterest Income. Total noninterest income was \$4.98 million for the three months ended September 30, 2024, compared to \$6.04 million for the three months ended September 30, 2023. The decrease of \$1.06 million, or 17.5%, was primarily due to a decrease in mortgage banking, net, of \$1.74 million. Mortgage banking, net, includes net gain on sale of mortgage loans which decreased to \$1.69 million for the three months ended September 30, 2024, compared to \$3.59 million for the three months ended September 30, 2023. During the three months ended September 30, 2024, \$51.02 million residential mortgage loans were sold compared to \$109.02 million in the same period in the prior year. Mortgage volumes continued to be impacted by the interest rate environment. Gross margin levels increased 2 basis points from 3.29% for the three months ended September 30, 2023, to 3.31% for the three months ended September 30, 2024. The decrease in mortgage banking, net, was partially offset by an increase in income from bank owned life insurance of \$656,000, increasing to \$1.04 million for the three months ended September 30, 2024, compared to \$382,000 for the three months ended September 30, 2023.

Noninterest Expense. Noninterest expense was \$17.27 million for the three months ended September 30, 2024, compared to \$17.88 million for the three months ended September 30, 2023, a decrease of \$605,000 or 3.4%. The largest driver of the decrease was salaries and employee benefits, decreasing 8.7% from \$9.89 million for the three months ended September 30, 2023, compared to \$10.84 million for the three months ended September 30, 2024.

Provision for Income Taxes. Provision for income taxes was \$529,000 for the three months ended September 30, 2024, compared to \$524,000 for the three months ended September 30, 2023. The effective tax rate was 16.3% for the current period compared to 16.6% for the prior period.

Results of Operations for the Nine Months Ended September 30, 2024 and 2023

Net Income. Eagle's net income for the nine months ended September 30, 2024 was \$6.35 million compared to \$7.89 million for the nine months ended September 30, 2023. The decrease of \$1.54 million was due to a decrease in noninterest income of \$3.71 million. This decrease was partially offset by a decrease in noninterest expense of \$1.59 million, decrease in provision for income taxes of \$570,000 and a decrease in net interest income after provision for credit losses of \$1,000. Basic and diluted earnings per common share were both \$0.81 for the current period. Basic and diluted earnings per common share were both \$1.01 for the prior year comparable period.

Net Interest Income. Net interest income decreased to \$46.65 million for the nine months ended September 30, 2024, from \$47.28 million for the nine months ended September 30, 2023. The decrease of \$631,000 was the result of an increase in interest expense of \$11.08 million partially offset by an increase in interest and dividend income of \$10.45 million.

Interest and Dividend Income. Interest and dividend income was \$77.52 million for the nine months ended September 30, 2024, compared to \$67.07 million for the nine months ended September 30, 2023. Interest and fees on loans increased to \$68.53 million for the nine months ended September 30, 2024, from \$57.94 million for the nine months ended September 30, 2023. This increase of \$10.59 million, or 18.3%, was due to an increase in the average yield on loans and the average balance of loans. The average interest rate earned on loans receivable increased by 54 basis points from 5.47% for the nine months ended September 30, 2023, to 6.01% for the nine months ended September 30, 2024. Interest accretion on purchased loans was \$590,000 for the nine months ended September 30, 2024, which resulted in a 4 basis point increase in net interest margin, compared to \$838,000 for the nine months ended September 30, 2023, which resulted in an 6 basis point increase in net interest margin. Average balances for loans receivable, including loans held-for-sale, for the nine months ended September 30, 2024 were \$1.52 billion compared to \$1.42 billion for the prior year period. This represents an increase of \$102.66 million, or 7.2%, and due to organic growth. Interest on investment securities available-for-sale decreased by \$633,000 period over period. Average balances for investments decreased to \$308.69 million for the nine months ended September 30, 2024, from \$335.90 million for the nine months ended September 30, 2023. Interest rates earned on investments increased slightly to 3.43% for the nine months ended September 30, 2024, from 3.42% for the nine months ended September 30, 2023.

Interest Expense. Total interest expense was \$30.88 million for the nine months ended September 30, 2024, compared to \$19.80 million for the nine months ended September 30, 2023. The increase of \$11.08 million, or 56.0%, was primarily due to an increase of \$8.85 million in interest expense on deposits, in addition to a net increase of \$2.23 million in interest expense on total borrowings. The overall average rate on total deposits was up from 0.99% for the nine months ended September 30, 2023, compared to 1.69% for the nine months ended September 30, 2024. In addition, the average balance for total deposits was \$1.62 billion for the nine months ended September 30, 2024, compared to \$1.60 billion for the nine months ended September 30, 2023. The increase in the interest expense on total borrowings was largely due to an increase in the average balance for FHLB advances and other borrowings, which increased to \$200.67 million for the nine months ended September 30, 2024, from \$151.82 million for the nine months ended September 30, 2023. Short-term borrowings have increased to fund loan growth. In addition, the average rate paid on FHLB advances and other borrowings increased from 5.28% for the nine months ended September 30, 2023, to 5.45% for the nine months ended September 30, 2024.

Provision for Credit Losses. Provision for credit losses was \$554,000 for the nine months ended September 30, 2024, compared to \$1.19 million for the nine months ended September 30, 2023. The provision for credit losses for the nine months ended September 30, 2024 includes a provision for credit losses on loans of \$644,000 and a decrease in the provision for unfunded commitments of \$90,000.

Noninterest Income. Total noninterest income was \$13.20 million for the nine months ended September 30, 2024 compared to \$16.91 million for the nine months ended September 30, 2023. The decrease of \$3.71 million was primarily due to a decrease in mortgage banking, net of \$4.05 million. Mortgage banking, net includes net gain on sale of mortgage loans which decreased to \$4.71 million for the nine months ended September 30, 2024, compared to \$8.55 million for the nine months ended September 30, 2023. During the nine months ended September 30, 2024, \$147.81 million residential mortgage loans were sold compared to \$256.17 million in the same period in the prior year. Mortgage volumes continued to be impacted by the interest rate environment. Gross margin levels decreased 16 basis points from 3.34% for the nine months ended September 30, 2023, to 3.18% for the nine months ended September 30, 2024. The decrease in mortgage banking, net, was partially offset by an increase in income from bank owned life insurance of \$481,000, increasing from \$1.17 million for the nine months ended September 30, 2023, compared to \$1.65 million for the nine months ended September 30, 2024.

Noninterest Expense. Noninterest expense was \$51.61 million for the nine months ended September 30, 2024, compared to \$53.20 million for the nine months ended September 30, 2023, a decrease of \$1.59 million or 3.0%. The decrease was primarily related to lower salaries and employee benefits, decreasing 5.4% from \$31.61 million for the nine months ended September 30, 2023, to \$29.89 million for the nine months ended September 30, 2024.

Provision for Income Taxes. Provision for income taxes was \$1.34 million for the nine months ended September 30, 2024, compared to \$1.91 million for the nine months ended September 30, 2023, due to the decrease in proportion of tax-exempt income compared to pretax earnings. In addition, the effective tax rate for the current period includes tax credits and other benefits related to investments in low-income housing tax credit projects. The year-to-date effective tax rate was 17.5% for the current period compared to 19.5% for same period in 2023.

Liquidity and Capital Resources

Liquidity

The Bank is required by regulation to maintain sufficient levels of liquidity for safety and soundness purposes. Appropriate levels of liquidity will depend upon the types of activities in which the company engages. For internal reporting purposes, the Bank uses policy minimums of 1.0% and 8.0% for "basic surplus" and "basic surplus with FHLB" as internally defined. In general, the "basic surplus" is a calculation of the ratio of unencumbered short-term assets reduced by estimated percentages of CD maturities and other deposits that may leave the Bank in the next 90 days divided by total assets. "Basic surplus with FHLB" adds to "basic surplus" the additional borrowing capacity the Bank has with the FHLB of Des Moines. The Bank exceeded those minimum ratios as of September 30, 2024 and December 31, 2023.

The Bank's primary sources of funds are deposits, repayment of loans and mortgage-backed securities, maturities of investments, funds provided from operations, advances from the FHLB of Des Moines and other borrowings. 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 Company uses liquidity resources principally to fund existing and future loan commitments. It also uses them to fund maturing certificates of deposit and demand deposit withdrawals, for investment purposes, to meet operating expenses and capital expenditures, for dividend payments and for stock repurchases to maintain adequate liquidity levels.

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 the Bank's commitments to make loans and management's assessment of the Bank's ability to generate funds.

The Company's available borrowing capacity was approximately \$348.10 million as of September 30, 2024 and \$398.50 million as of December 31, 2023.

	September 30, 2024		December 31, 2023	
	Borrowings Outstanding	Remaining Borrowing Capacity (Dollars in Thousands)	Borrowings Outstanding	Remaining Borrowing Capacity
	\$ 219,167	\$ 219,365	\$ 175,737	\$ 266,017
Federal Home Loan Bank advances	-	28,734	-	32,472
Federal Reserve Bank discount window	-	100,000	-	100,000
Correspondent bank lines of credit	-	-	-	-
Total	\$ 219,167	\$ 348,099	\$ 175,737	\$ 398,489

During the first quarter of 2023, the FRB offered a new Bank Term Funding Program ("BTFP") for eligible depository institutions. The BTFP offered loans of up to one year in length to institutions pledging collateral eligible for purchase by FRB such as U.S. treasuries, agency securities, and mortgage-backed securities. These assets were valued at par. In March of 2024, the Company accessed borrowings through the BTFP. In September of 2024, the Company paid off the borrowings.

In addition to bank level liquidity management, Eagle must manage liquidity at the parent company level for various operating needs, including the servicing of debt, the payment of dividends on our common stock, share repurchases, payment of general corporate expense, and potential capital infusions into subsidiaries. The primary source of liquidity for Eagle consists of dividends from the Bank, which is governed by certain rules and regulations of the Montana Division of Banking and Financial Institutions and the Federal Reserve, and access to capital markets. Eagle has a \$15.00 million line of credit with a correspondent bank. There was no outstanding balance for this line of credit at September 30, 2024 or December 31, 2023. Eagle's ability to receive dividends from the Bank in future periods will depend on several factors, including, without limitation, the Bank's future profits, asset quality, liquidity, and overall condition. In addition, both the Montana Division of Banking and Financial Institutions and Federal Reserve may require approval to pay dividends, based on certain regulatory statutes and limitations.

Eagle presently believes that the sources of liquidity discussed above, including existing liquid funds on hand, are sufficient to meet its anticipated funding needs in the short and long term. However, if economic conditions were to significantly deteriorate, regulatory capital requirements for Eagle or the Bank were to increase as the result of regulatory directives or otherwise, or Eagle were to believe it is prudent to enhance current liquidity levels, then Eagle may seek additional liquidity from external sources.

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Capital Resources

As of September 30, 2024, the Bank's internally determined measurement of sensitivity to interest rate movements as measured by a 300 basis point rise in interest rates scenario, increased the economic value of equity ("EVE") by 2.3% compared to a decrease of 1.9% at December 31, 2023. A 300 basis point decrease in interest rates scenario decreased EVE by 17.0% compared to a decrease of 18.2% at December 31, 2023. The Bank is within the guidelines set forth by the Board of Directors for interest rate risk sensitivity in rising interest rate scenarios.

The Bank's regulatory capital was in excess of all applicable regulatory requirements and the Bank is deemed "well capitalized" pursuant to State of Montana and FRB rules as of September 30, 2024. The Bank's actual capital amounts and ratios as of September 30, 2024 are presented in the table below and all of the ratios, with the exception of the Tier 1 capital adjusted total average assets ratio, include the capital conservation buffer of 2.50%.

	Actual		Minimum Required for Capital Adequacy Purposes		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
September 30, 2024:						
Total risk-based capital to risk weighted assets	\$ 226,289	13.14%	\$ 180,784	10.50%	\$ 172,176	10.00%
Tier 1 capital to risk weighted assets	207,959	12.08	146,349	8.50	137,740	8.00
Common equity Tier 1 capital to risk weighted assets	207,959	12.08	120,523	7.00	111,914	6.50
Tier 1 capital to adjusted total average assets	207,959	9.87	84,300	4.00	105,375	5.00
December 31, 2023:						
Total risk-based capital to risk weighted assets	\$ 218,909	13.01%	\$ 176,692	10.50%	\$ 168,278	10.00%
Tier 1 capital to risk weighted assets	201,179	11.96	143,037	8.50	134,623	8.00
Common equity Tier 1 capital to risk weighted assets	201,179	11.96	117,795	7.00	109,381	6.50
Tier 1 capital to adjusted total average assets	201,179	9.75	82,569	4.00	103,212	5.00

Impact of Inflation and Changing Prices

Our condensed consolidated financial statements and the accompanying notes, which are found in Part I, Item 1, 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.

Interest Rate Risk

Interest rate risk is the potential for loss of future earnings resulting from adverse changes in the level of interest rates. Interest rate risk results from several factors and could have a significant impact on the Company's net interest income, which is the Company's primary source of revenue. Net interest income is affected by changes in interest rates, the relationship between rates on interest-bearing assets and liabilities, the impact of interest rate fluctuations on asset prepayments and the mix of interest-bearing assets and liabilities.

Although interest rate risk is inherent in the banking industry, banks are expected to have sound risk management practices in place to measure, monitor and control interest rate exposures. The objective of interest rate risk management is to contain the risks associated with interest rate fluctuations. The process involves identification and management of the sensitivity of net interest income to changing interest rates.

The ongoing monitoring and management of this risk is an important component of the Company's asset/liability committee, which is governed by policies established by the Company's Board that are reviewed and approved annually. The Board delegates responsibility for carrying out the asset/liability management policies to the Bank's asset/liability committee. In this capacity, the asset/liability committee develops guidelines and strategies impacting the Company's asset/liability management related activities based upon estimated market risk sensitivity, policy limits and overall market interest rate levels and trends. The Company's goal of its asset and liability management practices is to maintain or increase the level of net interest income within an acceptable level of interest rate risk.

The Bank has established acceptable levels of interest rate risk as follows for an instantaneous and permanent shock in rates: projected net interest income over the next twelve months (i.e. year-1) will not be reduced by more than 15% given an immediate increase or decrease in interest rates of up to 300 basis points, and the subsequent twelve months (i.e. year-2) will not be reduced by more than 20.0% given an immediate increase or decrease in interest rates of up to 300 basis points.

The following table includes the Bank's net interest income sensitivity analysis.

Changes in Market Interest Rates (Basis Points)	Rate Sensitivity As of September 30, 2024		Policy Limits Year 1	Policy Limits Year 2
	Year 1	Year 2		
+300	-8.5%	5.6%	-15.0%	-20.0%
+200	-5.6%	6.1%	-15.0%	-15.0%
+100	-2.4%	7.4%	-10.0%	-10.0%
-100	2.8%	8.2%	-10.0%	-10.0%
-200	5.5%	8.3%	-15.0%	-15.0%
-300	7.4%	6.6%	-15.0%	-20.0%

Critical Accounting Policies and Estimates

The accounting and financial reporting policies of Eagle are in accordance with generally accepted accounting principles ("GAAP") and conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. Eagle has identified certain of its accounting policies as "critical accounting policies," consisting of those related to the allowance for credit losses and business combinations. In determining which accounting policies are critical in nature, Eagle has identified the policies that require significant judgment or involve complex estimates. It is management's practice to discuss critical accounting policies with the Board of Directors' Audit Committee on a periodic basis, including the development, selection, implementation, and disclosure of the critical accounting policies. The application of these policies has a significant impact on Eagle's unaudited interim consolidated financial statements. Eagle's financial results could differ significantly if different judgments or estimates are used in the application of these policies. All accounting policies described in "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 – Organization and Summary of Significant Accounting Policies" in Eagle's 2023 Form 10-K should be reviewed for a greater understanding of how we record and report our financial performance. There have been no significant changes to the accounting policies, estimates, and assumptions, or the judgments affecting the application of these estimates and assumptions from those disclosed in Eagle's 2023 Form 10-K, other than the following:

The excess of consideration paid over fair value of net assets acquired is recorded as goodwill. Goodwill is not amortized but is tested at least annually for impairment or more frequently if events occur or circumstances change that indicate impairment may exist. A goodwill impairment test is performed by comparing the fair value of the reporting unit with its carrying value. An impairment charge is recorded for the amount by which the carrying amount exceeds the reporting unit's fair value. Estimating the fair value of the reporting unit requires the use of inputs and assumptions including projected earnings of the Company in future years for which there is inherent uncertainty.

During the quarter ended September 30, 2024, Management performed a quantitative goodwill impairment test with assistance from a third-party valuation specialist. The interim determination was primarily driven by a revision in the Company's earnings outlook in comparison to budget. A weighted average of both the market and income approaches was used in valuing the reporting unit's fair value. The interim goodwill impairment assessment as of August 31, 2024 concluded that goodwill was not impaired. However, changing economic conditions that may adversely affect the Company's performance, the fair value of its assets and liabilities, or its stock price could result in future impairment. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations. Management will continue to monitor events that could influence this conclusion in the future.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

This item has been omitted based on Eagle's status as a smaller reporting company.

Item 4. Controls and Procedures

As of the end of the period covered by this report, we conducted an evaluation under the supervision and with the participation of our management including our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO") of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, including to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is accumulated and communicated to management to allow timely decisions regarding required disclosure. Based on that evaluation, our CEO and CFO concluded that as of September 30, 2024, our disclosure controls and procedures were effective. During the last quarter, there were no changes in the Company's internal control over financial reporting that have materially affected, or were reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II - OTHER INFORMATION**Item 1. Legal Proceedings.**

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

Item 1A. Risk Factors

There have not been any material changes in the risk factors previously disclosed in Part 1, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On April 18, 2024, Eagle's Board of Directors (the "Board") authorized the repurchase of up to 400,000 shares of its common stock beginning May 1, 2024. Under the plan, shares may be purchased by the Company on the open market or in privately negotiated transactions. The extent to which the company repurchases its shares and the timing of such repurchase will depend on market conditions and other corporate considerations. No shares were purchased during the second or third quarter of 2024 under this plan. The plan expires on May 1, 2025.

On April 20, 2023, the Board authorized the repurchase of up to 400,000 shares of its common stock beginning May 1, 2023. Under the plan, shares could be purchased by the Company on the open market or in privately negotiated transactions. The extent to which the company repurchased its shares and the timing of such repurchases depended on market conditions and other corporate considerations. During the second quarter of 2023, 17,901 shares were purchased under this plan at an average price of \$12.89. No shares were purchased during the third or fourth quarter of 2023 under this plan. No shares were purchased during the first or second quarter of 2024 under this plan. The plan expired on May 1, 2024.

On April 21, 2022, the Board authorized the repurchase of up to 400,000 shares of its common stock. Under the plan, shares could be purchased by the Company on the open market or in privately negotiated transactions. The extent to which the company repurchased its shares and the timing of such repurchases depended on market conditions and other corporate considerations. During the second quarter of 2022, 5,000 shares were purchased under this plan at an average price of \$19.75. During the third quarter of 2022, 99,517 shares were purchased under this plan at an average price of \$19.45. During the fourth quarter of 2022, 6,608 shares were purchased under this plan at an average price of \$18.80. No shares were purchased during the first or second quarter of 2023 under this plan. The plan expired on April 21, 2023.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

During the three months ended September 30, 2024, none of our directors or officers (as defined in Exchange Act Rule 16a-1(f)) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**Part II - OTHER INFORMATION - continued**

Item 6.	Exhibits.
Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Eagle Bancorp Montana, Inc. (incorporated by reference to Exhibit 3.1 of our Current Report on Form 8-K filed on February 23, 2010).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation. (incorporated by reference to Exhibit 3.2 of our Quarterly Report on Form 10-Q filed on May 9, 2019).
3.3	Bylaws of Eagle Bancorp Montana, Inc., amended as of August 20, 2015 (incorporated by reference to 3.1 of our Current Report on Form 8-K filed on August 25, 2015).
10.1	Fourth Amendment to Salary Continuation Agreement between Opportunity Bank of Montana and Laura F. Clark adopted October 17, 2024 (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on October 22, 2024).
10.2	First Amendment to Salary Continuation Agreement between Opportunity Bank of Montana and Miranda J. Spaulding adopted October 17, 2024 (incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K filed on October 22, 2024).
10.3	Third Amendment to Salary Continuation Agreement between Opportunity Bank of Montana and Dale F. Field adopted October 17, 2024 (incorporated by reference to Exhibit 10.3 of our Current Report on Form 8-K filed on October 22, 2024).
10.4	Second Amendment to Salary Continuation Agreement between Opportunity Bank of Montana and Rachel R. Amdahl adopted November 1, 2024 (filed herewith).
10.5	First Amendment to Salary Continuation Agreement between Opportunity Bank of Montana and Alana Binde adopted November 1, 2024 (filed herewith).
10.6	Second Amendment to Salary Continuation Agreement between Opportunity Bank of Montana and Chantelle Nash adopted November 1, 2024 (filed herewith).
10.7	First Amendment to Salary Continuation Agreement between Opportunity Bank of Montana and Mark O'Neill adopted November 1, 2024 (filed herewith).
10.8	First Amendment to Salary Continuation Agreement between Opportunity Bank of Montana and Patrick D. Rensmon adopted November 1, 2024 (filed herewith).
31.1	Certification by Laura F. Clark, Chief Executive Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 (a) of the Sarbanes-Oxley Act of 2002.
31.2	Certification by Miranda J. Spaulding, Chief Financial Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 (a) of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Laura F. Clark, Chief Executive Officer, and Miranda J. Spaulding, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)(1)
101.SCH	Inline XBRL Taxonomy Extension Schema Document (1)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (1)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (1)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (1)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (1)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

(1) These interactive data files shall not be deemed filed for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.

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EAGLE BANCORP MONTANA, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EAGLE BANCORP MONTANA, INC.

Date: November 13, 2024

By: /s/ Laura F. Clark
Laura F. Clark
President/CEO

Date: November 13, 2024

By: /s/ Miranda J. Spaulding
Miranda J. Spaulding
SVP/CFO

**SECOND AMENDMENT
TO THE
SALARY CONTINUATION AGREEMENT
FOR
RACHEL R. AMDAHL**

THIS AMENDMENT (the "Amendment") is adopted as of the 1st day of November, 2024, by and between Opportunity Bank of Montana, formerly American Federal Savings Bank (the "Company") and Rachel R. Amdahl (the "Executive").

The Company and the Executive executed the Salary Continuation Agreement effective as of November 16, 2006 (as amended, the "Agreement"). The Company now wishes to increase the Agreement's benefits.

NOW, THEREFORE, the Company adopts the following amendment to the Agreement:

Section 2.1.1 of the Agreement shall be deleted in its entirety and replaced by the following:

2.1.1 Amount of Benefit. The annual benefit under this Section 2.1 is Fifty-Eight Thousand Five Hundred Dollars (\$58,500).

The Schedule A originally attached to the Agreement shall be removed and replaced by the Schedule A attached hereto.

IN WITNESS WHEREOF, a representative of the Company has executed this Amendment as indicated below and as of the date above:

Opportunity Bank of Montana

By: /s/ Laura F. Clark
Title: President/CEO

Acknowledged:

/s/ Rachel R. Amdahl
Rachel R. Amdahl

**FIRST AMENDMENT TO
SALARY CONTINUATION AGREEMENT
FOR
ALANA BINDE**

THIS AMENDMENT (the "Amendment") is adopted as of the 1st day of November, 2024, by and between Opportunity Bank of Montana, located in Helena Montana (the "Employer"), and Alana Binde (the "Executive").

The Employer and the Executive executed a Salary Continuation Agreement effective as of September 1, 2021 (the "Agreement"). The Employer and the Executive now wish to increase the Agreement's benefits.

NOW, THEREFORE, the Employer and the Executive adopt the following amendment to the Agreement:

Section 2.1 shall be deleted in its entirety and replaced by the following:

2 . 1 *Normal Retirement Benefit.* Upon Separation from Service after Normal Retirement Age, the Employer shall pay the Executive an annual benefit in the amount of Forty-Two Thousand Five Hundred Dollars (\$42,500) in lieu of any other benefit hereunder. The annual benefit will be paid in equal monthly installments commencing the month following Separation from Service and continuing until the Executive's death.

Section 2.5 shall be deleted in its entirety and replaced by the following:

2.5 *Death Prior to Commencement of Benefit Payments.* In the event the Executive dies prior to Separation from Service, the Employer shall pay the Beneficiary an annual benefit in the amount of Forty-Two Thousand Five Hundred Dollars (\$42,500) in lieu of any other benefit hereunder. The annual benefit will be paid in equal monthly installments commencing the month following the Executive's death and continuing for fifteen (15) years.

The Schedule A originally attached to the Agreement shall be removed and replaced by the Schedule A attached hereto.

IN WITNESS WHEREOF, the Executive and a representative of the Employer have executed this Amendment as indicated below and as of the date above:

Executive:

Employer:

By: /s/ Alana Binde
Its: President/CEO

**SECOND AMENDMENT TO
SALARY CONTINUATION AGREEMENT
FOR
CHANTELL NASH**

THIS AMENDMENT (the "Amendment") is adopted as of the 1st day of November, 2024, by and between Opportunity Bank of Montana, located in Helena Montana (the "Employer"), and Chantelle Nash (the "Executive").

The Employer and the Executive executed a Salary Continuation Agreement effective as of November 1, 2014 (as amended, the "Agreement"). The Employer and the Executive now wish to increase the Agreement's benefits.

NOW, THEREFORE, the Employer and the Executive adopt the following amendment to the Agreement:

Section 2.1 shall be deleted in its entirety and replaced by the following:

2 . 1 *Normal Retirement Benefit.* Upon Separation from Service after Normal Retirement Age, the Employer shall pay the Executive an annual benefit in the amount of Sixty-Nine Thousand Five Hundred Dollars (\$69,500) in lieu of any other benefit hereunder. The annual benefit will be paid in equal monthly installments commencing the month following Separation from Service and continuing until the Executive's death.

Section 2.5 shall be deleted in its entirety and replaced by the following:

2.5 *Death Prior to Commencement of Benefit Payments.* In the event the Executive dies prior to Separation from Service, the Employer shall pay the Beneficiary an annual benefit in the amount of Sixty-Nine Thousand Five Hundred Dollars (\$69,500) in lieu of any other benefit hereunder. The annual benefit will be paid in equal monthly installments commencing the month following the Executive's death and continuing for fifteen (15) years.

The Schedule A originally attached to the Agreement shall be removed and replaced by the Schedule A attached hereto.

IN WITNESS WHEREOF, the Executive and a representative of the Employer have executed this Amendment as indicated below and as of the date above:

Executive:

Employer:

/s/ Chantelle Nash

By: /s/ Laura F. Clark

Its: President/CEO

FIRST AMENDMENT
TO THE
OPPORTUNITY BANK OF MONTANA
SALARY CONTINUATION AGREEMENT
FOR
MARK O'NEILL

THIS AMENDMENT (the "Amendment") is adopted as of the 1st day of November, 2024, by and between Opportunity Bank of Montana (the "Bank") Mark O'Neill (the "Executive").

The Bank and the Executive executed the Salary Continuation Agreement effective as of October 1, 2018, (the "Agreement"). The Bank and the Executive now wish to increase the Agreement's benefits.

NOW, THEREFORE, the Bank and the Executive adopt the following amendment to the Agreement:

Section 2.1.1 of the Agreement shall be deleted in its entirety and replaced by the following:

2.1.1 Amount of Benefit. The annual benefit under this Section 2.1 is Fifty-Nine Thousand Five Hundred Dollars (\$59,500).

IN WITNESS WHEREOF, the Executive and a representative of the Bank have executed this Amendment as indicated below and as of the date above:

Executive:

Bank:

/s/ Mark O'Neill

By: /s/ Laura F. Clark

Its: President/CEO

**FIRST AMENDMENT TO
SALARY CONTINUATION AGREEMENT
FOR
PATRICK D. RENSMON**

THIS AMENDMENT (the "Amendment") is adopted as of the 1st day of November, 2024, by and between Opportunity Bank of Montana, located in Helena Montana (the "Employer"), and Darryl Rensmon (the "Executive").

The Employer and the Executive executed a Salary Continuation Agreement effective as of October 1, 2018 (the "Agreement"). The Employer and the Executive now wish to increase the Agreement's benefits.

NOW, THEREFORE, the Employer and the Executive adopt the following amendment to the Agreement:

Section 2.1 shall be deleted in its entirety and replaced by the following:

2 . 1 *Normal Retirement Benefit.* Upon Separation from Service after Normal Retirement Age, the Employer shall pay the Executive an annual benefit in the amount of Twenty Thousand Five Hundred Dollars (\$20,500) in lieu of any other benefit hereunder. The annual benefit will be paid in equal monthly installments commencing the month following Separation from Service and continuing until the Executive's death.

Section 2.5 shall be deleted in its entirety and replaced by the following:

2.5 *Death Prior to Commencement of Benefit Payments.* In the event the Executive dies prior to Separation from Service, the Employer shall pay the Beneficiary an annual benefit in the amount of Twenty Thousand Five Hundred Dollars (\$20,500) in lieu of any other benefit hereunder. The annual benefit will be paid in equal monthly installments commencing the month following the Executive's death and continuing for fifteen (15) years.

The Schedule A originally attached to the Agreement shall be removed and replaced by the Schedule A attached hereto.

IN WITNESS WHEREOF, the Executive and a representative of the Employer have executed this Amendment as indicated below and as of the date above:

Executive:

/s/ Patrick D. Rensmon

Employer:

By: /s/ Laura F. Clark

Its: President/CEO

**CERTIFICATION PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302(a) OF THE
SARBANES-OXLEY ACT OF 2002**

I, Laura F. Clark certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eagle Bancorp Montana, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2024

/s/ Laura F. Clark
Laura F. Clark
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302(a) OF THE
SARBANES-OXLEY ACT OF 2002**

I, Miranda J. Spaulding certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eagle Bancorp Montana, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2024

/s/ Miranda J. Spaulding
Miranda J. Spaulding
Senior Vice President, Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Eagle Bancorp Montana, Inc. (the 'Company') on Form 10-Q for the period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the 'Report'), we, Laura F. Clark, Chief Executive Officer of the Company, and Miranda J. Spaulding, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the undersigned's best knowledge and belief:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Laura F. Clark

Laura F. Clark
Chief Executive Officer
(Principal Executive Officer)
November 13, 2024

/s/ Miranda J. Spaulding

Miranda J. Spaulding
Chief Financial Officer and Principal Accounting Officer
(Principal Financial Officer)
November 13, 2024

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission and shall not be considered filed as part of the Report.