

Eagle Bancorp Montana, Inc.  
Form 424B3  
November 14, 2018

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Registration No. 333-228117

**PROXY STATEMENT/PROSPECTUS**

**MERGER PROPOSED –YOUR VOTE IS IMPORTANT**

To the Shareholders of Big Muddy Bancorp, Inc.:

On August 21, 2018, Eagle Bancorp Montana, Inc., or Eagle, Opportunity Bank of Montana, or Opportunity Bank, Big Muddy Bancorp, Inc., or BMB, and The State Bank of Townsend entered into an Agreement and Plan of Merger (which we refer to as the “merger agreement”) that provides for the acquisition of BMB by Eagle. Under the merger agreement, BMB will merge with and into Eagle, with Eagle as the surviving corporation (which we refer to as the “merger”). Immediately following the merger, The State Bank of Townsend will merge with and into Opportunity Bank, with Opportunity Bank as the surviving bank (which we refer to as the “bank merger”).

In the merger, each share of BMB common stock (except for specified shares of BMB common stock held by BMB or Eagle and any dissenting shares) will be converted into the right to receive 20.49 (which we refer to as the “exchange ratio”) shares of Eagle common stock (which we refer to as the “per share stock consideration” and also in an aggregate consideration amount as the “merger consideration”).

The market value of the per share stock consideration will fluctuate with the market price of Eagle common stock and other factors and will not be known at the time BMB shareholders vote on the merger agreement. Based on the closing

price of Eagle's common stock on the Nasdaq Global Market on November 8, 2018, the last practicable date before the date of this document, the value of the per share stock consideration was approximately \$341.98. **We urge you to obtain current market quotations for Eagle (trading symbol "EBMT") because the value of the per share stock consideration will fluctuate.**

Based on the current number of shares of BMB common stock outstanding, Eagle expects to issue approximately 996,142 shares of common stock to BMB shareholders in the aggregate upon completion of the merger. Based on these numbers, upon completion of the merger, current BMB shareholders would own approximately 15.4% of the common stock of Eagle outstanding immediately following the merger. However, any increase or decrease in the number of shares of BMB common stock outstanding that occurs for any reason prior to the completion of the merger would cause the actual number of shares issued upon completion of the merger to change.

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BMB will hold a special meeting of its shareholders in connection with the merger. Holders of BMB common stock will be asked to vote to approve the merger agreement and related matters as described in this proxy statement/prospectus. BMB shareholders will also be asked to approve the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the merger agreement and related matters, as described in this proxy statement/prospectus.

The special meeting of BMB shareholders will be held on Wednesday, December 19, 2018 at the Library Community Room at the Broadwater School and Community Library, 201 North Spruce Street, Townsend, Montana 59644, at 11:00 a.m. local time.

**BMB’s board of directors has determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of BMB and its shareholders, has unanimously approved the merger agreement and recommends that BMB shareholders vote “FOR” the proposal to approve the merger agreement and “FOR” the proposal to adjourn the BMB special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement.**

This document, which serves as a proxy statement for the special meeting of BMB shareholders and as a prospectus for the shares of Eagle common stock to be issued in the merger to BMB shareholders, describes the special meeting of BMB, the merger, the documents related to the merger and other related matters. *Please carefully read this entire proxy statement/prospectus, including “Risk Factors” beginning on page 21 of this proxy statement/prospectus, for a discussion of the risks relating to the proposed merger.* You also can obtain information about Eagle from documents that Eagle has filed with the Securities and Exchange Commission.

If you have any questions concerning the merger, BMB shareholders should contact Joni Carlton, Corporate Secretary of BMB at (406) 266-3176. We look forward to seeing you at the meeting.

Benjamin G. Ruddy

*President*

Big Muddy Bancorp, Inc.

**Neither the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, nor any state securities commission or any other bank regulatory agency has approved or disapproved the merger, the issuance of the Eagle common stock to be issued in the merger or the other transactions described in this document or passed upon the adequacy or accuracy of this**

**proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

**The securities to be issued in the merger are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either Eagle or BMB, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

The date of this proxy statement/prospectus is November 13, 2018, and it is first being mailed to the shareholders of BMB on or about November 13, 2018.

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON DECEMBER 19, 2018**

To the Shareholders of Big Muddy Bancorp, Inc.:

Big Muddy Bancorp, Inc. (“BMB” or “we”) will hold a special meeting of shareholders at 11:00 am local time, on Wednesday, December 19, 2018, at the Library Community Room at the Broadwater School and Community Library, 201 North Spruce Street, Townsend, Montana 59644, for the holders of BMB common stock to consider and vote on the following proposals:

a proposal to approve the Agreement and Plan of Merger, dated as of August 21, 2018, by and among Eagle Bancorp Montana, Inc., Opportunity Bank of Montana, BMB and The State Bank of Townsend, pursuant to which BMB will merge with and into Eagle Bancorp Montana, Inc., as more fully described in the attached proxy statement/prospectus; and

a proposal to adjourn the BMB special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement.

We have fixed the close of business on November 7, 2018 as the record date for the BMB special meeting. Only holders of record of BMB common stock at that time are entitled to notice of, and to vote at, the BMB special meeting, or any adjournment or postponement of the BMB special meeting. In order for the merger agreement to be approved, at least two-thirds of the outstanding shares of BMB common stock must be voted in favor of the proposal to approve the merger agreement. The special meeting may be adjourned from time to time upon approval of holders of BMB common stock without notice other than by announcement at the meeting of the adjournment thereof, and any and all business for which notices are hereby given may be transacted at such adjourned meeting.

BMB shareholders have rights under Montana state law entitling them to dissent from the merger and obtain payment of the fair value of their shares, provided they comply with each of the requirements under Montana law, including not voting in favor of the merger agreement and providing notice to BMB. For more information regarding dissenters’ rights, please see “*Proposal 1: The Merger – Dissenters’ Rights for BMB Shareholders*” beginning on page 44 of this proxy statement/prospectus.

**Your vote is important.** We cannot complete the merger unless BMB's shareholders approve the merger agreement.

**Regardless of whether you plan to attend the BMB special meeting, please vote as soon as possible. Please complete, sign, date and return the accompanying proxy card in the enclosed postage-paid return envelope as described on the proxy card.**

The enclosed proxy statement/prospectus provides a detailed description of the special meeting, the merger, the documents related to the merger, including the merger agreement, and other related matters. We urge you to read the proxy statement/prospectus, including any documents incorporated in the proxy statement/prospectus by reference, and its appendices carefully and in their entirety. If you have any questions concerning the merger or the proxy statement/prospectus, would like additional copies of the proxy statement/prospectus or need help voting your shares of BMB common stock, please contact Joni Carlton, Corporate Secretary of BMB at (406) 266-3176.

**BMB's board of directors has determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, as advisable and in the best interests of BMB and its shareholders, has unanimously approved the merger and the merger agreement and recommends that BMB shareholders vote "FOR" the proposal to approve the merger agreement and "FOR" the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement.**

By Order of the Board of Directors,

Joni Carlton

*Corporate Secretary*

Townsend, Montana

November 13, 2018

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**WHERE YOU CAN FIND MORE INFORMATION**

**Eagle Bancorp Montana, Inc.**

Eagle electronically files annual, quarterly, current and special reports, proxy statements and other business and financial information with the Securities and Exchange Commission (the "SEC"). The SEC maintains a website located at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including Eagle. You also will be able to obtain these documents, free of charge, from Eagle by accessing Eagle's website at [www.opportunitybank.com](http://www.opportunitybank.com). Copies can also be obtained, free of charge, by directing a written or oral request to:

**Eagle Bancorp Montana, Inc.**

1400 Prospect Avenue

Helena, Montana 59601

Attn: Investor Relations

Telephone: (406) 442-3080

Eagle has filed a Registration Statement on Form S-4 to register with the SEC up to 996,142 shares of Eagle common stock to be issued pursuant to the merger. This proxy statement/prospectus is a part of that Registration Statement on Form S-4. As permitted by SEC rules, this proxy statement/prospectus does not contain all of the information included in the Registration Statement on Form S-4 or in the exhibits or schedules to the Registration Statement on Form S-4. The Registration Statement on Form S-4, including any amendments, schedules and exhibits, is also available, free of charge, by accessing the websites of the SEC and Eagle or upon written or oral request to Eagle at the address or telephone number set forth above.

Statements contained in this proxy statement/prospectus as to the contents of any contract or other documents referred to in this proxy statement/prospectus are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the Registration Statement on Form S-4. This proxy statement/prospectus incorporates important business and financial information about Eagle that is not included in or delivered with this document, including incorporating by reference documents that Eagle has previously filed with the SEC. These documents contain important information about Eagle and its financial condition. See "*Documents Incorporated by Reference*" beginning on page 103 of this proxy statement/prospectus. These documents are available free of charge upon written or oral request to Eagle at the address listed above.

**To obtain timely delivery of these documents, you must request them no later than December 12, 2018 in order to receive them before the BMB special meeting of shareholders.**

Except where the context otherwise specifically indicates, Eagle supplied all information contained in, or incorporated by reference into, this proxy statement/prospectus relating to Eagle, and BMB supplied all information contained in this proxy statement/prospectus relating to BMB.

### **Big Muddy Bancorp, Inc.**

BMB does not have a class of securities registered under Section 12 of the Securities Exchange Act of 1934 (the “Exchange Act”), is not subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, and accordingly does not file documents and reports with the SEC.

If you have any questions concerning the merger or this proxy statement/prospectus, would like additional copies of this proxy statement/prospectus or need help voting your shares of BMB common stock, please contact Joni Carlton, Corporate Secretary of BMB at (406) 266-3176.

**You should rely only on the information contained in, or incorporated by reference into, this proxy statement/prospectus. No one has been authorized to give any information or make any representation about the merger or Eagle or BMB that differs from, or adds to, the information in this proxy statement/prospectus or in documents that are incorporated by reference herein and publicly filed with the SEC. Therefore, if anyone does give you different or additional information, you should not rely on it. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than the date of this proxy statement/prospectus, and you should not assume that any information incorporated by reference into this document is accurate as of any date other than the date of such other document, and neither the mailing of this proxy statement/prospectus to BMB shareholders nor the issuance of Eagle common stock in the merger shall create any implication to the contrary.**

**This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this proxy statement/prospectus, or the solicitation of a proxy, in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction.**



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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING**

*The following are answers to certain questions that you may have regarding the special meeting and merger. The parties urge you to read carefully the remainder of this document because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this document. In this proxy statement/prospectus we refer to Eagle Bancorp Montana, Inc. as “Eagle,” Opportunity Bank of Montana as “Opportunity Bank,” and Big Muddy Bancorp, Inc. as “BMB”.*

**Q: Why am I receiving this proxy statement/prospectus?**

Eagle, Opportunity Bank, BMB and The State Bank of Townsend have entered into an Agreement and Plan of Merger, dated as of August 21, 2018 (which we refer to as the “merger agreement”) pursuant to which BMB will be merged with and into Eagle, with Eagle continuing as the surviving company. Immediately following the merger, A: The State Bank of Townsend, a wholly owned bank subsidiary of BMB, will merge with and into Eagle’s wholly owned bank subsidiary, Opportunity Bank, with Opportunity Bank continuing as the surviving bank and continuing under the name “Opportunity Bank of Montana” (which we refer to as the “bank merger”). A copy of the merger agreement is included in this proxy statement/prospectus as Appendix A.

The merger cannot be completed unless, among other things, the holders of two-thirds of the outstanding shares of BMB common stock vote in favor of the proposal to approve the merger agreement.

In addition, BMB is soliciting proxies from holders of BMB common stock with respect to a proposal to adjourn the BMB special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement if there are insufficient votes at the time of such adjournment to approve such proposal.

BMB will hold a special meeting to obtain these approvals. This proxy statement/prospectus contains important information about the merger and the other proposals being voted on at the special meeting, and you should read it carefully. It is a proxy statement because BMB’s board of directors is soliciting proxies from its shareholders. It is a prospectus because Eagle will issue shares of Eagle common stock to holders of BMB common stock in connection with the merger. The enclosed materials allow you to have your shares voted by proxy without attending the BMB special meeting. Your vote is important. We encourage you to submit your proxy as soon as possible.

**Q: What will I receive in the merger?**



If the merger is completed, each issued and outstanding share of BMB common stock, other than (i) any shares of BMB common stock held in the treasury of BMB or owned by Eagle, Opportunity Bank, The State Bank of Townsend or by any of their respective subsidiaries (other than any such shares in trust accounts, managed accounts, and the like for the benefit of customers or as a result of debts previously contracted), which will each be cancelled and shall cease to exist, and no consideration shall be delivered in exchange therefor (the shares in (i) are referred to as “excluded shares”) and (ii) shares of BMB common stock held by BMB shareholders who have perfected and not effectively withdrawn a demand for, or lost the right to, dissent from the merger and obtain payment for their shares under Montana law, as described under “*Proposal 1: The Merger – Dissenters’ Rights for A: BMB Shareholders*” beginning on page 44 of this proxy statement/prospectus (the shares in (ii) are referred to as “dissenting shares”), will be converted into the right to receive 20.49, which we refer to as the exchange ratio, shares of Eagle common stock (which we refer to as the “per share stock consideration” and also referred to in an aggregate consideration amount as the “merger consideration”). Eagle will not issue any fractional shares of Eagle common stock in the merger. Rather, BMB shareholders who would otherwise be entitled to a fractional share of Eagle common stock upon the completion of the merger will instead receive an amount of cash (without interest and rounded to the nearest whole cent) determined by multiplying the fractional share amount by the average daily volume weighted average price of Eagle common stock on the Nasdaq Global Market for the 20 trading days preceding the fifth trading day immediately preceding the closing date.

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The merger consideration is subject to the adjustments described below. BMB shareholders will own, in the aggregate, approximately 15.4% of Eagle's outstanding common stock following the merger.

The stock portion of the merger consideration may be adjusted in certain circumstances based on whether Eagle common stock is trading either higher or lower than prices specified in the merger agreement immediately prior to the closing of the merger, in order to avoid termination of the merger agreement.

**Q: Will the value of the merger consideration change between the date of this proxy statement/prospectus and the time the merger is completed?**

A: Yes, the value of the merger consideration will fluctuate between the date of this proxy statement/prospectus and the completion of the merger based upon the market value of Eagle common stock. Any fluctuation in the market price of Eagle common stock after the date of this proxy statement/prospectus will change the value of the shares of Eagle common stock that BMB shareholders will receive.

Further, the exchange ratio may be adjusted pursuant to the merger agreement as described in this proxy statement/prospectus. Adjustments in the exchange ratio will also result in fluctuations in the value of the merger consideration to BMB shareholders.

**Q: What will happen if the trading price of Eagle common stock changes significantly prior to completion of the merger?**

A: Because the merger consideration is fixed, Eagle and BMB agreed to include provisions in the merger agreement by which (i) BMB would have an opportunity to terminate the merger agreement if the Eagle average stock price over a specified period prior to completion of the merger decreases below certain specified thresholds unless Eagle elects to increase the merger consideration by increasing the per share stock consideration and (ii) Eagle would have an opportunity to terminate the merger agreement if the Eagle average stock price over a specified period prior to completion of the merger increases above certain specified thresholds unless Eagle elects to decrease the merger consideration by decreasing the per share stock consideration, in both cases, subject to certain limitations and as determined by a formula outlined in the merger agreement, as discussed in further detail on pages 12 and 60 of this proxy statement/prospectus.

**Q: How does BMB's board of directors recommend that I vote at the special meeting?**

A: BMB's board of directors unanimously recommends that you vote "FOR" the proposal to approve the merger agreement and "FOR" the adjournment proposal.

**Q: Will the shares of Eagle common stock that I receive in the merger be freely transferable?**

A: Yes. The Eagle common stock issued in the merger will be transferable free of restrictions under federal and state securities laws.

**Q: When and where is the special meeting?**

The BMB special meeting will be held at the Library Community Room at the Broadwater School and Community A: Library, 201 North Spruce Street, Townsend, Montana 59644, on Wednesday, December 19, 2018, at 11:00 a.m. local time.

**Q: Who can vote at the special meeting of shareholders?**

Holders of record of BMB common stock at the close of business on November 7, 2018, which is the date that the A: BMB board of directors has fixed as the record date for the special meeting, are entitled to vote at the special meeting.

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**Q: What do I need to do now?**

After you have carefully read this proxy statement/prospectus and have decided how you wish to vote your shares, A: please vote your shares promptly so that your shares are represented and voted at the special meeting. You must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible.

**Q: What constitutes a quorum for the special meeting?**

The presence at the special meeting, in person or by proxy, of holders of record of not less than a majority of the A: outstanding shares of BMB common stock entitled to vote at such meeting, will constitute a quorum for the transaction of business. Abstentions, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

**Q: What is the vote required to approve each proposal?**

Approval of the merger agreement requires the affirmative vote of the holders of two-thirds of the outstanding shares of BMB common stock entitled to vote on the merger agreement as of the close of business on the record A: date for the special meeting. If you (1) fail to submit a proxy or vote in person at the special meeting or (2) mark “ABSTAIN” on your proxy, it will have the same effect as a vote “AGAINST” the merger proposal and no effect on the adjournment proposal. The adjournment proposal will be approved if the votes of BMB common stock cast in favor of the adjournment proposal exceed the votes cast against the adjournment proposal.

**Q: Why is my vote important?**

If you do not submit a proxy or vote in person, it may be more difficult for BMB to obtain the necessary quorum to hold its special meeting. In addition, your failure to submit a proxy or vote in person, or abstention will have the A: same effect as a vote against approval of the merger agreement. The merger agreement must be approved by the affirmative vote of the holders of two-thirds of the outstanding shares of BMB common stock entitled to vote on the merger agreement. BMB’s board of directors unanimously recommends that you vote “FOR” the proposal to approve the merger agreement.

**Q: How many votes do I have?**

You are entitled to one vote for each share of BMB common stock that you owned as of the close of business on A: the record date. As of the close of business on the record date, 48,616 shares of BMB common stock were outstanding and entitled to vote at the BMB special meeting.

**Q: Can I attend the special meeting and vote my shares in person?**

Yes. All BMB shareholders are invited to attend the special meeting. Holders of record of BMB common stock can  
A: vote in person at the special meeting. If you plan to attend the special meeting, you must bring a form of personal photo identification with you in order to be admitted.

**Q: Can I change my vote?**

Yes. You may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to BMB's corporate secretary or (3) attending the special meeting in  
A: person, notifying the corporate secretary and voting by ballot at the special meeting. Attendance at the special meeting will not automatically revoke your proxy. A revocation or later-dated proxy received by BMB after the vote will not affect the vote. BMB's corporate secretary's mailing address is: 400 Broadway Street, Townsend, Montana 59644, Attention: BMB Corporate Secretary.

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**Q: What are the material U.S. federal income tax consequences of the merger to holders of BMB common stock?**

A: The merger is intended to qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the “Code”, and it is a condition to the obligation of Eagle and BMB to complete the merger that they each receive a legal opinion to that effect. Assuming the merger so qualifies, holders of BMB common stock are not expected to recognize any gain or loss upon receipt of Eagle common stock in exchange for BMB common stock in the merger. However, BMB shareholders may recognize gain or loss with respect to any cash received in lieu of a fractional share of Eagle common stock. The discussion of the material U.S. federal income tax consequences contained in this proxy statement/prospectus is intended to provide only a general discussion and is not a complete analysis or description of all potential U.S. federal income tax consequences of the merger that may vary with, or are dependent on, individual circumstances. In addition, it does not address the effects of any foreign, state or local tax laws.

For further information, see “*Proposal 1: The Merger – Material U.S. Federal Income Tax Consequences of the Merger*” beginning on page 41 of this proxy statement/prospectus.

**TAX MATTERS ARE COMPLICATED AND THE TAX CONSEQUENCES OF THE MERGER WILL DEPEND ON THE FACTS OF YOUR OWN SITUATION. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR AS TO THE SPECIFIC TAX CONSEQUENCES OF THE MERGER TO YOU IN YOUR PARTICULAR CIRCUMSTANCES.**

**Q: Are BMB shareholders entitled to appraisal or dissenters’ rights under Montana law?**

A: Yes. If you are a BMB shareholder, you are entitled to dissent from the merger and receive the fair value of your shares of BMB common stock in cash instead of the aggregate merger consideration, if you take certain actions and meet certain conditions, including that you may not vote in favor of the merger agreement and must follow other procedures, both before and after the special meeting, as described in Appendix C to this proxy statement/prospectus. Note that if you return a signed proxy card without voting instructions or with instructions to vote “**FOR**” the merger agreement, then your shares will automatically be voted in favor of the merger agreement and you will lose all dissenters’ rights available under Montana law. A summary of these provisions can be found under “*Proposal 1: The Merger – Dissenters’ Rights for BMB Shareholders*” beginning on page 44 of this proxy statement/prospectus and detailed information about the special meeting can be found under “*Information About the BMB Special Meeting*” beginning on page 27 of this proxy statement/prospectus. Due to the complexity of the procedures for exercising the right to dissent, BMB shareholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Failure to strictly comply with the applicable Montana law provisions will result in the loss of dissenters’ rights. Additionally, certain BMB shareholders are subject to company shareholder support agreements, dated as of August 21, 2018, which provide for, among other things, the obligation of such BMB shareholders to vote for, consent to and raise no objections against, and not otherwise impede or delay, any sale of BMB. Such BMB shareholders have also agreed to waive all dissenters’ rights, appraisal rights and similar rights in connection with such approved sale.

**Q: What happens if the merger is not completed?**

If the merger is not completed, BMB shareholders will not receive any merger consideration for their shares of BMB common stock. Instead, BMB will remain an independent company. Under specified circumstances, BMB may be required to pay to Eagle, or Eagle may be required to pay to BMB, a \$100,000 termination fee with respect A: to the termination of the merger agreement, as described under “*The Merger Agreement – Termination*” and “*The Merger Agreement – Termination Fees*” beginning on pages 59 and 60, respectively, of this proxy statement/prospectus. Under certain circumstances, BMB may be required to pay Eagle a \$750,000 break-up fee, as described under “*The Merger Agreement – Break-Up Fee*” of this proxy statement/prospectus.

**Q: If I am a BMB shareholder, should I send in my stock certificates now?**

No. Please do not send in your BMB stock certificates with your proxy. Eagle’s transfer agent, Computershare Inc., A: has been selected as the exchange agent and will send you instructions for exchanging BMB stock certificates for the merger consideration. See “*The Merger Agreement – Exchange Procedures*” beginning on page 48 of this proxy statement/prospectus.

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**Q: Whom may I contact if I cannot locate my BMB stock certificate(s)?**

If you are unable to locate your original BMB stock certificate(s), you should contact Joni Carlton, Corporate Secretary of BMB, at (406) 266-3176. Following the merger, any inquiries should be directed to Eagle's transfer agent, Computershare Inc., at [shareholder@computershare.com](mailto:shareholder@computershare.com), or at (800) 962-4284.

**Q: When do you expect to complete the merger?**

A: Eagle and BMB expect to complete the merger in the first quarter of 2019. However, neither Eagle nor BMB can assure you when or if the merger will occur. BMB must first obtain the approval of BMB shareholders for the merger and Eagle must receive the necessary regulatory approvals. See "*The Merger Agreement – Conditions to Completion of the Merger*" beginning on page 58 of this proxy statement/prospectus.

**Q: Whom should I call with questions?**

If you have any questions concerning the merger or this proxy statement/prospectus, would like additional copies of this proxy statement/prospectus or need help voting your shares of BMB common stock, please contact: Joni Carlton, Corporate Secretary of BMB, at (406) 266-3176.



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**SUMMARY**

*The following summary highlights selected information from this proxy statement/prospectus. It does not contain all of the information that is important to you. You should carefully read the entire proxy statement/prospectus and the other documents to which we refer to fully understand the merger. See “Where You Can Find More Information” on how to obtain copies of those documents. In addition, the merger agreement is attached as Appendix A to this proxy statement/prospectus. BMB and Eagle encourage you to read the merger agreement because it is the legal document that governs the merger.*

*Unless the context otherwise requires, throughout this document, “we,” and “our” refer collectively to Eagle and BMB. We refer to the proposed merger of BMB with and into Eagle as the “merger,” the merger of The State Bank of Townsend with and into Opportunity Bank as the “bank merger,” and the Agreement and Plan of Merger dated as of August 21, 2018 by and among Eagle, Opportunity Bank, BMB and The State Bank of Townsend as the “merger agreement.”*

**Information Regarding Eagle and BMB**

**Eagle Bancorp Montana, Inc.**

1400 Prospect Avenue

Helena, Montana 59601

(406) 442-3080

Eagle is a bank holding company, incorporated in Delaware in 2009, and registered under the Bank Holding Company Act of 1956, as amended. Eagle’s principal subsidiary is Opportunity Bank of Montana (the “Bank” or “Opportunity 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 in Helena since that time. In 1975, the Bank adopted a federal thrift charter and in October 2014 converted to a Montana-chartered commercial bank. The Bank currently has 17 branch offices and 16 automated teller machines located in our market areas and we participate in the Money Pass® ATM network.

On November 30, 2012, Eagle completed a significant transaction with Sterling Financial Corporation (“Sterling”) of Spokane, Washington in which it purchased all of Sterling’s retail bank branches in Montana. As a result of this transaction, we added two mortgage origination offices and a wealth management division, and the Bank’s retail

branch network grew from six to 13 full service branches, immediately following the transaction, with six branches in new markets. In 2014, Eagle applied to the State of Montana to form an interim bank for the purpose of facilitating the conversion of AFSB from a federally chartered savings bank to a Montana-chartered commercial bank. Concurrent with the conversion, the Bank applied, and was approved, for the membership in the Federal Reserve System of the Board of Governors. In connection with the conversion, AFSB changed its name to Opportunity Bank of Montana. On January 31, 2018, Eagle and Opportunity Bank consummated the acquisition of TwinCo, Inc. and Ruby Valley Bank, Twin Bridges, Montana. As of June 30, 2018, the Bank was the fourth largest commercial bank headquartered in Montana in terms of deposits.

**Big Muddy Bancorp, Inc.**

400 Broadway Street

Townsend, Montana 59644

Telephone: (406) 476-3462

BMB is a bank holding company, incorporated in Montana in September, 1994, and registered under the Bank Holding Company Act of 1956, as amended. BMB's sole subsidiary is The State Bank of Townsend. The State Bank of Townsend is a Montana state bank, which was established in 1899, and is subject to the supervision and regulation of the Montana Division of Banking and Financial Institutions and the Federal Deposit Insurance Corporation (the "FDIC"). The State Bank of Townsend is a locally owned, locally managed, full-service community bank offering a comprehensive suite of products and services to individuals and businesses, and is headquartered in Townsend, Montana with three additional branches in Denton, Dutton and Choteau.

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At June 30, 2018, BMB had total assets of approximately \$109.3 million, total deposits of approximately \$93.9 million, total loans of approximately \$92.1 million, and stockholders' equity of approximately \$13.6 million.

## **The Merger**

*The terms and conditions of the merger are contained in the merger agreement, a copy of which is included as Appendix A to this proxy statement/prospectus and is incorporated by reference herein. You should read the merger agreement carefully and in its entirety, as it is the legal document governing the merger.*

In the merger, BMB will merge with and into Eagle, with Eagle as the surviving company in the merger. Immediately following the merger of BMB into Eagle, The State Bank of Townsend will merge with and into Opportunity Bank, with Opportunity Bank as the surviving bank of such bank merger.

## **Closing and Effective Time of the Merger**

The closing date is currently expected to occur in the first quarter of 2019. Simultaneously with the closing of the merger, Eagle will file the articles of merger with the Secretary of State of the State of Montana and a certificate of merger with the Secretary of State of the State of Delaware. The merger will become effective at such time as the articles of merger are filed or such other time as may be specified in the articles of merger. Neither Eagle nor BMB can predict, however, the actual date on which the merger will be completed because it is subject to factors beyond each company's control, including whether or when the required regulatory approvals and BMB's shareholder approval will be received.

## **Merger Consideration**

Under the terms of the merger agreement, each share of BMB common stock outstanding immediately prior to the effective time of the merger (other than excluded shares and dissenting shares described below) will be converted into the right to receive 20.49, which we refer to as the exchange ratio, shares of Eagle common stock (which we refer to as the "per share stock consideration," and also referred to in an aggregate consideration amount as the "merger consideration"). Please see "*The Merger Agreement – Consideration*" for more information.

No holder of BMB common stock will be issued fractional shares of Eagle common stock in the merger. Each holder of BMB common stock who would otherwise have been entitled to receive a fraction of a share of Eagle common stock will receive, in lieu thereof, cash, without interest, in an amount equal to such fractional part of a share of Eagle common stock *multiplied by* the average daily volume weighted average price of Eagle common stock on the Nasdaq Global Market for the 20 trading days preceding the fifth trading day immediately preceding the closing date. See “*The Merger Agreement—Merger Consideration*” beginning on page 47 of this proxy statement/prospectus.

The merger consideration may be adjusted in certain circumstances based on whether Eagle common stock is trading either higher or lower than prices specified in the merger agreement immediately prior to the closing of the merger, in order to avoid termination of the merger agreement. If the “average closing price” (determined over a 20 trading day period prior to the closing of the merger) of Eagle’s common stock exceeds \$21.93 per share and Eagle’s stock outperforms the Nasdaq Bank Index by more than 15%, Eagle may terminate the merger agreement, or elect to reduce on a per-share basis the number of shares of Eagle common stock to be issued in the merger, subject to certain limitations as described below under “—*Termination.*”

Conversely, if the “average closing price” is less than \$16.21 per share and Eagle’s stock has also underperformed the Nasdaq Bank Index by more than 15%, BMB may terminate the merger agreement, unless Eagle elects to increase on a per-share basis the number of shares of Eagle common stock to be issued in the merger, subject to certain limitations as described below under “—*Termination.*”

The value of the shares of Eagle common stock to be issued in the merger will fluctuate between now and the closing date of the merger. Based on the closing price of Eagle common stock on August 21, 2018, the date of the signing of the merger agreement, the value of the per share stock consideration payable to holders of BMB common stock was approximately \$385.21. Based on the closing price of Eagle common stock on November 8, 2018, the last practicable date before the date of this document, the value of the per share stock consideration payable to holders of BMB common stock was approximately \$341.98. BMB shareholders should obtain current sale prices for Eagle common stock, which is traded on the Nasdaq Global Market under the symbol “EBMT.”

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**Equivalent BMB Common Per Share Value**

Eagle common stock trades on the Nasdaq Global Market under the symbol “EBMT.” The BMB common stock is not listed or traded on any established securities exchange or quotation system. Accordingly, there is no established public trading market for the BMB common stock. The following table presents the closing price of Eagle common stock on August 20, 2018, the last trading date prior to the public announcement of the merger agreement, and November 8, 2018, the last practicable trading day prior to the printing of this proxy statement/prospectus. The table also presents the equivalent value of the merger consideration per share of BMB common stock on those dates, calculated by multiplying the closing sales price of Eagle common stock on those dates by the exchange ratio of 20.49.

<b>Date:</b>	<b>Eagle closing</b>	<b>Equivalent BMB</b>
	<b>Sale price</b>	<b>per share value</b>
August 20, 2018	\$18.75	\$384.19
November 8, 2018	16.69	341.98

The value of the shares of Eagle common stock to be issued in the merger will fluctuate between now and the closing date of the merger. If Eagle shares increase in value, so will the value of the per share stock consideration. Similarly, if Eagle shares decline in value, so will the value of the consideration to be received by BMB shareholders. BMB shareholders should obtain current sale prices for the Eagle common stock.

**Procedures for Converting Shares of BMB Common Stock into Merger Consideration**

Promptly after the effective time of the merger, Eagle’s exchange agent, Computershare, will mail to each holder of record of BMB common stock that is converted into the right to receive the merger consideration a letter of transmittal and instructions for the surrender of the holder’s BMB stock certificate(s) for the merger consideration (including cash in lieu of any fractional Eagle shares), and any dividends or distributions to which such holder is entitled to pursuant to the merger agreement.

Please do not send in your certificates until you receive these instructions.

**Material U.S. Federal Income Tax Consequences of the Merger**

For a detailed discussion of the material U.S. federal income tax consequences of the merger, see “*Proposal 1: The Merger —Material U.S. Federal Income Tax Consequences of the Merger*” beginning on page 41 of this proxy statement/prospectus. The tax consequences of the merger to any particular BMB shareholder will depend on that shareholder’s particular facts and circumstances. Accordingly, please consult your tax advisor to determine the tax consequences to you from the merger.

### **Dissenters’ Rights**

Under Montana law, BMB shareholders have the right to dissent from the merger and receive a cash payment equal to the fair value of their shares of BMB stock instead of receiving the merger consideration. To exercise dissenters’ rights, BMB shareholders must strictly follow the procedures established by Sections 35-1-826 through 35-1-839 of the Montana Business Corporations Act, or the MBCA, which include filing a written objection with BMB prior to the special meeting stating, among other things, that the shareholder will exercise his or her right to dissent if the merger is completed, and not voting for approval of the merger agreement. A shareholder’s failure to vote against the merger agreement will not constitute a waiver of such shareholder’s dissenters’ rights.

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**Opinion of BMB's Financial Advisor**

Vining Sparks IBG, LP ("Vining Sparks") has delivered a written opinion to the board of directors of BMB that, as of August 21, 2018, based upon and subject to certain matters stated in the opinion, the merger consideration is fair, from a financial point of view, to BMB shareholders. We have attached this opinion to this proxy statement/prospectus as Appendix B. The opinion of Vining Sparks is not a recommendation to any BMB shareholder as to how to vote on the proposal to approve the merger agreement. You should read this opinion completely to understand the procedures followed, matters considered and limitations and qualifications on the reviews undertaken by Vining Sparks in providing its opinion.

For further information, please see the section entitled "*Proposal 1: The Merger – Opinion of BMB's Financial Advisor*" beginning on page 36.

**Recommendation of the BMB Board of Directors**

After careful consideration, the BMB board of directors unanimously recommends that BMB shareholders vote "**FOR**" the approval of the merger agreement and the approval of the adjournment proposal described in this document. Each of the directors of BMB has entered into a company shareholder support agreement with Eagle pursuant to which each, has agreed to vote "**FOR**" the approval of the merger agreement and any other matter required to be approved by the shareholders of BMB to facilitate the transactions contemplated by the merger agreement, subject to the terms of the company shareholder support agreements.

For more information regarding the company shareholder support agreements, please see the section entitled "*Information About the BMB Special Meeting – Shares Subject to Company Shareholder Support Agreements; Shares Held by Directors and Executive Officers*" on page 28 of this proxy statement/prospectus.

For a more complete description of BMB's reasons for the merger and the recommendations of the BMB board of directors, please see the section entitled "*Proposal 1: The Merger – BMB's Reasons for the Merger and Recommendation of the BMB Board of Directors*" beginning on page 32 of this proxy statement/prospectus.

**Interests of BMB Directors and Executive Officers in the Merger**

In the merger, the directors and executive officers of BMB will receive the same merger consideration for their BMB shares as the other BMB shareholders. In considering the recommendation of the BMB board of directors that you vote to approve the merger agreement, you should be aware that some of the executive officers and directors of BMB may have interests in the merger and may have arrangements that may be considered to be different from, or in addition to, those of BMB shareholders generally. Interests of officers and directors that may be different from or in addition to the interests of BMB's shareholders include:

• BMB's directors and executive officers are entitled to continued indemnification and insurance coverage under the merger agreement.

• Eagle has agreed to employ Benjamin G. Ruddy, BMB's President, and Joni Carlton, BMB's Corporate Secretary, for at least three years after the effective date of the merger.

• Benjamin G. Ruddy will become a director of Eagle and Opportunity Bank upon completion of the merger.

• Upon the closing of the merger, Eagle will assume certain compensation arrangements and obligations of BMB and The State Bank of Townsend regarding Joni Carlton.

These interests are discussed in more detail in the section entitled "*Proposal 1: The Merger – Interests of BMB Directors and Executive Officers in the Merger*" beginning on page 45 of this proxy statement/prospectus. The BMB board of directors was aware of these interests and considered them, along with other matters, in reaching its decision to adopt and approve the merger agreement and to recommend that BMB shareholders vote in favor of approving the merger agreement.



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**Regulatory Approvals**

Completion of the merger and the bank merger are subject to various regulatory approvals, including approvals from the Board of Governors of the Federal Reserve System, or Federal Reserve, and the Montana Division of Banking and Financial Institutions. Notifications and/or applications requesting approvals for the merger or for the bank merger may also be submitted to other federal and state regulatory authorities and self-regulatory organizations. The parties have filed notices and applications to obtain the necessary regulatory approvals of the Federal Reserve and the Montana Division of Banking and Financial Institutions. The parties cannot be certain when or if they will obtain all of the regulatory approvals or, if obtained, whether they will contain terms, conditions or restrictions not currently contemplated that will be detrimental to or have a material adverse effect on the combined company after the completion of the merger. The regulatory approvals to which the completion of the merger and bank merger are subject are described in more detail under the section entitled “*Proposal 1: The Merger – Regulatory Approvals,*” beginning on page 43 of this proxy statement/prospectus.

**Conditions to Completion of the Merger**

The completion of the merger depends on a number of conditions being satisfied or, where permitted, waived, including but not limited to:

• the approval of the merger agreement and the transactions contemplated thereby by BMB shareholders;

• the receipt of all regulatory approvals required to consummate the merger and the bank merger shall have been obtained and remain in full force and effect, and all statutory waiting periods shall have expired or been terminated, and such regulatory approvals shall not impose any term, condition or restriction on Eagle or any of its subsidiaries that Eagle reasonably determines is a burdensome condition;

• the absence of any judgment, order, injunction or decree issued by any governmental authority or other legal restraint or prohibition preventing or making illegal the consummation of the merger or the bank merger;

• the effectiveness of the Registration Statement on Form S-4, of which this proxy statement/prospectus is a part, under the Securities Act of 1933, as amended, or the “Securities Act”, and no stop order suspending such effectiveness having been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC;

• the receipt by each of the parties of an opinion of its respective counsel to the effect that the merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Code;

the authorization for listing on the Nasdaq Global Market of the shares of Eagle common stock to be issued in the merger;

the accuracy of the other party's representations and warranties in the merger agreement on the date of the merger agreement and as of the closing date of the merger (or such other date specified in the merger agreement) other than, in most cases, inaccuracies that would not be material;

performance in all material respects by the other party of its respective obligations under the merger agreement;

the absence of any event which has had or is reasonably expected to have or result in a material adverse effect on the other party;

in the case of Eagle, the receipt of all consents, approvals, authorizations, clearances, exemptions, waivers, or similar affirmations required as a result of the transactions contemplated by the merger agreement pursuant to BMB's material contracts;

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in the case of Eagle, the restrictive covenant agreement between Benjamin G. Ruddy and Eagle is in full force and effect;

in the case of Eagle, the execution and delivery by The State Bank of Townsend of the plan of bank merger;

in the case of Eagle, the receipt of all claims letters and restrictive covenant agreements from BMB and The State Bank of Townsend's directors and executive officers;

in the case of Eagle, the BMB board of directors shall not have, prior to approval of the merger agreement by the BMB shareholders (i) withheld, withdrawn or modified (or publicly proposed to withhold, withdraw or modify), in a manner adverse to Eagle, its recommendation that BMB shareholders approve the merger agreement, (ii) approved or recommended (or publicly proposed to approve or recommend) any acquisition proposal, or (iii) allowed BMB or any BMB representative to enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other agreement relating to an acquisition proposal;

in the case of Eagle, BMB's delivery of audited financial statements with an unqualified opinion of Moss Adams LLP;

in the case of Eagle, BMB's adjusted tangible stockholders' equity, as defined in the merger agreement shall not be less than \$13.3 million as of the last day of the month prior to the month in which the merger is effective;

in the case of Eagle, dissenting shares shall not represent more than ten percent of the outstanding shares of BMB common stock; and

in the case of Eagle, BMB and The State Bank of Townsend shall have recorded on their books, in accordance with GAAP, a liability reserve for the litigation involving Farm and Ranch Credit Services, Inc., ("FRCS") and The State Bank of Townsend. For a description of the FRCS litigation, see "*Business of Big Muddy Bancorp, Inc. – Legal Proceedings.*"

No assurance is given as to when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

**Third Party Proposals**

BMB has agreed to a number of limitations with respect to soliciting, negotiating and discussing acquisition proposals involving persons other than Eagle, and to certain related matters, which we sometimes refer to as "no-shop" provisions.

The merger agreement does not, however, prohibit BMB from considering a bona fide unsolicited written acquisition proposal from a third party if certain specified conditions are met.

### **Termination**

The merger agreement may be terminated at any time prior to the effective time of the merger:

by the mutual consent of the boards of directors of Eagle and BMB; or

by Eagle or BMB in the event of the breach of any representation, warranty, covenant or agreement by the other party that would prevent any closing condition from being satisfied and such breach cannot be or has not been cured within 30 days of written notice of such breach provided that the right to cure may not extend beyond two business days prior to the “expiration date” described below; or

by Eagle or BMB if approval of the merger agreement by the shareholders of BMB is not obtained at the meeting at which a vote was taken; or

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by Eagle or BMB if any court or other governmental authority issues a final and non-appealable order permanently prohibiting the merger or the bank merger; or

by Eagle or BMB if the merger is not consummated by the expiration date of May 21, 2019; *provided*, that neither party has the right to terminate the merger agreement if such party was in breach of its obligations under the merger agreement and such breach was the cause of the failure of the merger to be consummated by such date, and *provided further* that, if on the expiration date all conditions to the merger have been satisfied or waived or are capable of being satisfied by the closing other than the condition relating to the receipt of required regulatory approvals, then either party has the right to extend the expiration date by an additional three month period; or

by the boards of directors of either Eagle or BMB if any governmental authority has denied any required regulatory approval or requested any application for regulatory approval be withdrawn; or

by Eagle prior to the receipt of approval of the merger from BMB shareholders in the event that (i) the BMB board of directors or any committee thereof makes a company subsequent determination (see “*The Merger Agreement – BMB Board Recommendation*” beginning on page 55 of this proxy statement/prospectus), (ii) the BMB board materially breaches its obligations under the merger agreement with respect to third party acquisition proposals or by failing to call, give notice of, convene and hold the special meeting, or (iii) the BMB board of directors has agreed to an acquisition proposal; or

by the board of directors of Eagle if it determines in good faith that there has been a material adverse change in the FRCS litigation or that the amount of escrow funds related to such litigation is insufficient to cover cost and liabilities associated with such litigation; or

by BMB in the event that (i) the average volume weighted average price of Eagle’s common stock for the 20 trading days ending on the trading day immediately prior to the later of (x) the date on which the last required regulatory consent is obtained or (y) the date on which BMB shareholder approval of the merger agreement is obtained, is less than \$16.21 per share, (ii) Eagle’s common stock underperforms a peer group index (the Nasdaq Bank Index) by more than 15%, and (iii) Eagle does not elect to increase the per share stock consideration by a formula-based amount outlined in the merger agreement; *provided, however*, that Eagle is not required to issue more than an aggregate of 19.9% of its outstanding shares of common stock as of the effective time of the merger; or

by Eagle in the event that (i) the average volume weighted average price of Eagle’s common stock for the 20 trading days ending on the trading day immediately prior to the later of (x) the date on which the last required regulatory consent is obtained or (y) the date on which BMB shareholder approval of the merger agreement is obtained, is greater than \$21.93 per share, (ii) Eagle’s common stock outperforms a peer group index (the Nasdaq Bank Index) by more than 15%, and (iii) Eagle does not elect to decrease the per share stock consideration by a formula-based amount outlined in the merger agreement; *provided, however*, that Eagle may not adjust the per share stock consideration in a manner that would result in the aggregate shares of Eagle common stock to be issued in the merger being less than 939,164 shares.

**Termination Fees**

BMB will pay Eagle a termination fee of \$100,000 if Eagle terminates the merger agreement based on a BMB breach of its representations or breach of its covenants. Eagle will pay BMB a termination fee of \$100,000 if BMB terminates the merger agreement based on an Eagle breach of its representations or breach of its covenants.

**Break-Up Fee**

BMB will owe Eagle a break-up fee of \$750,000 if:

• Eagle terminates the merger agreement as a result of a material breach of the “no-shop” provisions; or

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Eagle terminates the merger agreement as a result of the BMB board of directors or any committee thereof making a company subsequent determination (for more detail on company subsequent determinations, see “*The Merger Agreement – BMB Board Recommendation*” beginning on page 55 of this proxy statement/prospectus); or

Eagle terminates the merger agreement as a result of BMB materially breaching its obligations under the merger agreement by failing to call, give notice of, convene and hold the special meeting; or

Eagle terminates the merger agreement as a result of the BMB board of directors or any committee thereof agreeing to an acquisition proposal; or

after the date of the merger agreement and prior to the termination of the merger agreement, an acquisition proposal is made known to the board or senior management of BMB or has been made directly to BMB shareholders generally or a public announcement of an acquisition proposal has been made and not withdrawn and (i) thereafter the merger agreement is terminated by (A) either Eagle or BMB because the BMB shareholders have not approved the merger agreement or the merger is not consummated by the expiration date described above or (B) by Eagle because of a material breach by BMB of any covenant set forth in the merger agreement that is not cured in accordance with the merger agreement; and (ii) BMB enters into any agreement to consummate or consummates an acquisition transaction (*provided*, that for purposes of this provision, the definition of acquisition transaction is revised to replace “15%” with “50%”) within 12 months of such termination.

The payment of the termination fee will fully discharge BMB from any losses that may be suffered by Eagle arising out of the termination of the merger agreement.

## **Nasdaq Listing**

Eagle common stock is listed and trades on the Nasdaq Global Market under the symbol “EBMT.” Eagle will cause the shares of Eagle common stock to be issued to the holders of BMB common stock in the merger to be authorized for listing on the Nasdaq Global Market, subject to official notice of issuance, prior to the effective time of the merger.

## **BMB Special Meeting**

The special meeting of BMB shareholders will be held on Wednesday, December 19, 2018, at 11:00 a.m., local time, at the Library Community Room at the Broadwater School and Community Library, 201 North Spruce Street, Townsend, Montana 59644. At the special meeting, BMB shareholders will be asked to vote on:

the proposal to approve the merger agreement; and

the adjournment proposal.

Holders of BMB common stock as of the close of business on November 7, 2018, the record date, will be entitled to vote at the special meeting. As of the record date, there were outstanding and entitled to notice and to vote an aggregate of 48,616 shares of BMB common stock held by approximately 176 shareholders of record. Each BMB shareholder can cast one vote for each share of BMB common stock owned on the record date.

As of the record date, directors and executive officers of BMB and their affiliates, owned and were entitled to vote 29,258 shares of BMB common stock, representing approximately 60.2% of the outstanding shares of BMB common stock entitled to vote on that date. Pursuant to his or her respective company shareholder support agreement, each such person has agreed at any meeting of BMB shareholders, however called, or any adjournment or postponement thereof (and subject to certain exceptions) to vote the shares owned in favor of the merger agreement and the adjournment proposal. As of the record date, Eagle did not own or have the right to vote any of the outstanding shares of BMB common stock.



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**Required Shareholder Vote**

In order to approve the merger agreement, the holders of two-thirds of the outstanding shares of BMB common stock, as of the record date, must vote in favor of the merger agreement.

**No Restrictions on Resale**

All shares of Eagle common stock received by BMB shareholders in the merger will be freely tradable, except that shares of Eagle received by persons who are or become affiliates of Eagle for purposes of Rule 144 under the Securities Act may be resold by them only in transactions permitted by Rule 144, or as otherwise permitted under the Securities Act.

**Comparison of Shareholders' Rights**

The rights of BMB shareholders who continue as Eagle shareholders after the merger will be governed by the certificate of incorporation and bylaws of Eagle rather than the articles of incorporation and bylaws of BMB. For more information, please see the section entitled "*Comparison of Shareholders' Rights*" beginning on page 62 of this proxy statement/prospectus.

**Risk Factors**

Before voting at the BMB special meeting, you should carefully consider all of the information contained or incorporated by reference into this proxy statement/prospectus, including the risk factors set forth in the section entitled "*Risk Factors*" beginning on page 21 of this proxy statement/prospectus or described in Eagle's reports filed with the SEC, which are incorporated by reference into this proxy statement/prospectus. Please see the section entitled "*Documents Incorporated by Reference*" beginning on page 103 of this proxy statement/prospectus.

Table of Contents**EAGLE SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA**

The following selected historical consolidated financial data as of December 31, 2017 and 2016, and for the fiscal years ended December 31, 2017 and 2016, is derived from the audited consolidated financial statements of Eagle.

The following selected historical consolidated financial data as of and for the six months ended June 30, 2018 and 2017 is derived from the unaudited consolidated financial statements of Eagle and has been prepared on the same basis as the selected historical consolidated financial data derived from the audited consolidated financial statements and, in the opinion of Eagle's management, reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of this data for those dates.

The results of operations as of and for the six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2018 or any future period. You should read the following selected historical consolidated financial data in conjunction with: (i) the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Eagle's audited consolidated financial statements and accompanying notes included in Eagle's Annual Report on Form 10-K for the fiscal year ended December 31, 2017; and (ii) the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Eagle's unaudited consolidated financial statements and accompanying notes included in Eagle's Quarterly Report on Form 10-Q for the six months ended June 30, 2018, both of which are incorporated by reference into this proxy statement/prospectus. See "*Documents Incorporated by Reference*" beginning on page 103 of this proxy statement/prospectus.

	<b>As of and for the six months ended June 30, 2018</b>		<b>As of and for the year ended December 31, 2017</b>	
	<b>2018</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
<i>(Dollars in thousands except per share data)</i> <b>(unaudited)</b>				
<b>Balance sheet data:</b>				
Investment securities	\$ 154,265	\$ 123,191	\$ 132,044	\$ 128,436
Mortgage loans held-for-sale	11,700	16,206	8,949	18,230
Gross loans receivable <sup>1</sup>	581,728	508,132	513,154	466,161
Allowances for loan losses	6,150	5,225	5,750	4,770
Total assets	826,827	710,214	716,782	673,925
Deposits	613,175	514,265	520,564	512,795
Borrowings <sup>2</sup>	116,312	128,960	107,780	97,383
Total liabilities	735,022	648,092	633,166	614,469
Total shareholders' equity	91,805	62,122	83,616	59,456
Book value per share	16.81	16.30	16.68	15.60
Common shares outstanding	5,460,452	3,811,409	5,013,678	3,811,409

**Income statement data:**

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Net interest income	\$14,657	\$11,363	\$23,766	\$20,793
Loan loss provision	526	603	1,228	1,833
Noninterest income	5,763	6,778	14,331	15,990
Noninterest expense	17,568	15,059	30,638	28,019
Net income	1,906	1,829	4,103	5,132

***Per common share data:***

Basic earnings per share	\$0.35	\$0.48	\$1.01	\$1.36
Diluted earnings per share	0.35	0.47	0.99	1.32

**Performance ratios:**

Net interest margin	3.98	%	3.66	%	3.71	%	3.46	%
Return on average assets	0.46		0.54		0.59		0.78	

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<sup>1</sup> Net of deferred loan fees.

<sup>2</sup>Includes Federal Home Loan Bank advances and other long-term debt.

Table of Contents**BMB SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA**

The following selected historical consolidated financial data as of December 31, 2017, and for the fiscal year ended December 31, 2017 is derived from the audited consolidated financial statements for the fiscal year ended December 31, 2017.

The following selected historical consolidated financial data as of June 30, 2017 and for the six months ended June 30, 2018 and 2017 is derived from the unaudited consolidated financial statements of BMB and has been prepared on the same basis as the selected historical consolidated financial data derived from the audited consolidated financial statements and, in the opinion of BMB's management, reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of this data for those dates.

The results of operations as of and for the six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2018 or any future period. You should read the following selected historical consolidated financial data in conjunction with: (i) the section entitled "*BMB's Management's Discussion and Analysis of Financial Condition and Results of Operations*"; (ii) BMB's audited consolidated financial statements and accompanying notes; and (iii) BMB's unaudited consolidated financial statements and accompanying notes contained elsewhere in this proxy statement/prospectus.

	<b>As of June 30, 2018</b>	<b>As of December 31, 2017</b>
<i>(Dollars in thousands except per share data)</i> <b>(unaudited)</b>		
<b>Balance sheet data:</b>		
Securities available for sale	\$ 3,417	\$ 3,536
Gross loans receivable	92,134	86,913
Allowances for loan losses	576	567
Total assets	109,331	113,293
Deposits	93,884	98,974
Total liabilities	95,725	100,016
Total stockholders' equity	13,606	13,277
Book value per share	279.87	273.09
Common shares outstanding	48,616	48,616

	<b>For the six months ended</b>		<b>For the year ended</b>
	<b>June 30,</b>		<b>December 31,</b>
	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>(unaudited)</b>		
<b><i>Income statement data:</i></b>			
Net interest income	\$2,742	\$2,635	\$ 5,547
Provision (credit) for loan losses	218	180	386
Noninterest income	294	300	432
Noninterest expense	1,838	2,023	4,465
Net income	767	495	789
<b><i>Per common share data:</i></b>			
Basic earnings per share	\$ 15.78	\$ 10.17	\$ 16.22
Diluted earnings per share	15.78	10.17	16.22
<b><i>Performance ratios:</i></b>			
Net interest margin	5.37 %	4.92 %	5.27 %
Return on average assets	1.41	0.84	0.68

Table of Contents**SUMMARY UNAUDITED PRO FORMA CONDENSED  
COMBINED CONSOLIDATED FINANCIAL DATA**

The following table presents selected unaudited pro forma combined consolidated financial data about the financial condition and results of operations of Eagle giving effect to the merger. See “*Proposal 1: The Merger – Accounting Treatment.*”

The following table presents the information as if the merger had become effective on June 30, 2018 and December 31, 2017, respectively, with respect to condensed consolidated balance sheet data, and on January 1, 2018 and 2017, respectively, with respect to condensed consolidated statement of earnings data. The selected unaudited pro forma combined consolidated financial data have been derived from, and should be read in conjunction with, the historical financial information that Eagle and BMB have incorporated by reference into, or included, in this proxy statement/prospectus as of and for the indicated periods. See “*Unaudited Pro Forma Combined Consolidated Financial Information,*” “*Documents Incorporated by Reference*” and “*Index to BMB’s Consolidated Financial Statements.*”

The selected unaudited pro forma combined consolidated financial data are presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined at the beginning of the period presented. The selected unaudited pro forma combined consolidated financial information also does not consider any potential impacts of current market conditions on revenues, potential revenue enhancements, anticipated cost savings and expense efficiencies, among other factors.

	<b>As of and for the six months ended June 30, 2018</b>	<b>As of and for the year ended December 31, 2017</b>
<b>Pro Forma Condensed Consolidated Statement of Earnings Data:</b>		
Net interest income	\$17,759	\$ 30,034
Provision for loan losses	744	1,614
Non-interest income	6,056	14,763
Non-interest expense	19,053	34,400
Income before provision for income taxes	4,018	8,783
Net income	3,243	6,030
<b>Per Share Data:</b>		
Earnings per share		
Basic	\$0.51	\$ 1.19
Diluted	0.50	1.18

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Cash dividends per common share	0.22	0.49
<b>Pro Forma Condensed Consolidated Balance Sheet Data:</b>		
Total loans	\$671,559	\$ 597,764
Total assets	941,778	836,024
Total deposits	707,059	619,538
Total borrowings	117,312	107,780
Shareholders' equity	111,031	102,842

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**UNAUDITED COMPARATIVE PER SHARE DATA**

Presented below for Eagle and BMB is historical, unaudited pro forma combined and pro forma equivalent per share financial data as of and for the twelve months ended December 31, 2017 and as of and for the six months ended June 30, 2018. The information presented below should be read together with: (i) Eagle’s audited consolidated financial statements and accompanying notes included in Eagle’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017, and Eagle’s unaudited consolidated financial statements and accompanying notes included in Eagle’s Quarterly Report on Form 10-Q for the six months ended June 30, 2018, both of which are incorporated by reference into this proxy statement/prospectus; and (ii) BMB’s audited consolidated financial statements and accompanying notes for the fiscal year ended December 31, 2017, and unaudited consolidated financial statements and accompanying notes for the six months ended June 30, 2018, both of which are included elsewhere in this proxy statement/prospectus. See “*Index to BMB’s Consolidated Financial Statements*” and “*Documents Incorporated by Reference.*”

The unaudited pro forma combined and pro forma per equivalent share information gives effect to the merger as if the merger had been effective on December 31, 2017, or June 30, 2018, in the case of the book value data, and as if the merger had been effective as of January 1, 2018 or 2017, in the case of the earnings per share and the cash dividends data. The unaudited pro forma data combines the historical results of BMB into Eagle’s consolidated statement of income. While certain adjustments were made for the estimated impact of fair value adjustments and other acquisition-related activity, they are not indicative of what could have occurred had the acquisition taken place on January 1, 2018 or 2017.

The unaudited pro forma adjustments are based upon available information and certain assumptions that Eagle management believes are reasonable. The unaudited pro forma data, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, do not reflect the impact of factors that may result as a consequence of the merger or consider any potential impacts of current market conditions of the merger on revenues, expense efficiencies, among other factors. As a result, unaudited pro forma data are presented for illustrative purposes only and do not represent an attempt to predict or suggest future results. Upon completion of the merger, the operating results of BMB will be reflected in the consolidated financial statements of Eagle on a prospective basis.

**As of and for the six months ended June 30, 2018**

	<b>Eagle historical</b>	<b>BMB historical</b>	<b>Pro Forma combined</b>	<b>Per equivalent BMB share<sup>(1)</sup></b>
<b>Earnings per common share</b>				



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Basic	\$0.35	\$ 15.78	\$ 0.51	\$ 10.45
Diluted	\$0.35	\$ 15.78	\$ 0.50	\$ 10.25
Cash dividends per common share	\$0.18	\$ 9.00	\$ 0.22	\$ 4.51
Book value per common share	\$16.81	\$ 279.87	\$ 17.20	\$ 352.43

**As of and for the fiscal year ended  
December 31, 2017**

	<b>Eagle historical</b>	<b>BMB historical</b>	<b>Pro Forma combined</b>	<b>Per equivalent BMB share<sup>(1)</sup></b>
<b>Earnings per common share</b>				
Basic	\$1.01	\$ 16.22	\$ 1.19	\$ 24.38
Diluted	\$0.99	\$ 16.22	\$ 1.18	\$ 24.18
Cash dividends per common share	\$0.34	\$ 13.00	\$ 0.49	\$ 10.04
Book value per common share	\$16.68	\$ 273.09	\$ 17.11	\$ 350.58

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<sup>1</sup> The equivalent share information in the above tables are computed using 996,142 additional shares of Eagle common stock issued to BMB shareholders at an exchange ratio of 20.49 shares of Eagle for each share of BMB.

Table of Contents**MARKET PRICES AND DIVIDEND INFORMATION**

Eagle common stock is listed and trades on the Nasdaq Global Market under the symbol “EBMT.” As of November 7, 2018, there were 5,477,652 shares of Eagle common stock outstanding. Eagle has approximately 808 shareholders of record.

BMB common stock is not listed or traded on any established securities exchange or quotation system. Accordingly, there is no established public trading market for the BMB common stock. Transactions in the shares are privately negotiated directly between the purchaser and the seller and sales, if they do occur, are not subject to any reporting system. As of November 7, 2018, there were 48,616 shares of BMB common stock outstanding, which were held by 176 holders of record.

The following tables show, for the indicated periods, the high and low sales prices per share for Eagle common stock, as reported on Nasdaq. Cash dividends declared and paid per share on Eagle common stock are also shown for the periods indicated below.

The high and low sales prices reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions.

	<b>Eagle Common Stock</b>		
	<b>High</b>	<b>Low</b>	<b>Dividends Paid</b>
<b>2018</b>			
Fourth Quarter (through November 8, 2018)	\$18.45	\$14.20	\$ --
Third Quarter	19.35	16.85	0.0925
Second Quarter	21.25	18.95	0.0900
First Quarter	21.75	19.50	0.0900
<b>2017</b>			
Fourth Quarter	\$21.95	\$18.30	\$ 0.0900
Third Quarter	19.31	17.35	0.0900
Second Quarter	20.45	17.40	0.0800
First Quarter	22.32	18.00	0.0800
<b>2016</b>			
Fourth Quarter	\$24.00	\$14.25	\$ 0.0800
Third Quarter	15.25	12.59	0.0800
Second Quarter	13.56	11.99	0.0775

First Quarter

12.42 11.15 0.0775

Historically, Eagle has declared cash dividends on a quarterly basis. Eagle's board of directors considers the dividend amount quarterly and takes a broad perspective in its dividend deliberations, including a review of recent operating performance, capital levels and loan concentrations as a percentage of capital, growth projections and applicable federal and state regulations and regulatory guidance. There can be no assurance that Eagle will be able to continue paying dividends commensurate with recent levels.

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The following table shows, for the indicated periods, the cash dividends paid on BMB common stock.

	<b>BMB Common Stock Dividends Paid</b>
<b>2018</b>	
Fourth Quarter (through November 8, 2018)	\$ --
Third Quarter	--
Second Quarter	5.00
First Quarter	4.00
<b>2017</b>	
Fourth Quarter	\$ 5.00
Third Quarter	5.00
Second Quarter	5.00
First Quarter	5.00
<b>2016</b>	
Fourth Quarter	\$ 5.00
Third Quarter	7.00
Second Quarter	7.00
First Quarter	7.00

The BMB board of directors declared a dividend payable of \$4.00 per share on November 14, 2018 to BMB shareholders of record on November 7, 2018.

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**RISK FACTORS**

*An investment in Eagle common stock in connection with the merger involves risks. Eagle describes below the material risks and uncertainties that it believes affect its business and an investment in the Eagle common stock. In addition to the other information contained in, or incorporated by reference into, this proxy statement/prospectus, including Eagle's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and the matters addressed under "Forward-Looking Statements," you should carefully read and consider all of the risks and all other information contained in this proxy statement/prospectus in deciding how to vote on the proposals presented in this proxy statement/prospectus. If any of the risks described in this proxy statement/prospectus occur, Eagle's financial condition, results of operations and cash flows could be materially and adversely affected. If this were to happen, the value of the Eagle common stock and the merger consideration could decline significantly, and, after consummation of the merger, you could lose all or part of your investment.*

**Risks Associated with the Merger**

*The market price of Eagle common stock after the merger may be affected by factors different from those currently affecting BMB or Eagle.*

The businesses of Eagle and BMB differ in some respects and, accordingly, the results of operations of the combined company and the market price of Eagle's shares of common stock after the merger may be affected by factors different from those currently affecting the independent results of operations of each of Eagle and BMB.

*Because the sale price of Eagle common stock will fluctuate, you cannot be sure of the value of the per share stock consideration that you will receive in the merger until the closing.*

Under the terms of the merger agreement, each share of BMB common stock outstanding immediately prior to the effective time of the merger (excluding excluded shares and dissenting shares) will be converted into the right to receive 20.49 shares of Eagle common stock (plus cash in lieu of fractional shares). The value of the shares of Eagle common stock to be issued to BMB shareholders in the merger will fluctuate between now and the closing date of the merger due to a variety of factors, including general market and economic conditions, changes in the parties' respective businesses, operations and prospects and regulatory considerations, among other things. Many of these factors are beyond the control of Eagle and BMB. Further, the exchange ratio may be adjusted pursuant to the terms of the merger agreement as described in this proxy statement/prospectus. Adjustments in the exchange ratio will also result in fluctuations in the value of the merger consideration to BMB shareholders. We make no assurances as to whether or when the merger will be completed. BMB shareholders should obtain current sale prices for shares of Eagle common stock before voting their shares of BMB common stock at the special meeting.

***The merger will not be completed unless important conditions are satisfied or waived, including approval by BMB shareholders.***

Specified conditions set forth in the merger agreement must be satisfied or waived to complete the merger and the bank merger. If the conditions are not satisfied or waived, to the extent permitted by law or stock exchange rules, the merger and the bank merger will not occur or will be delayed and each of Eagle and BMB may lose some or all of the intended benefits of the merger. The following conditions, in addition to other closing conditions, must be satisfied or waived, if permissible, before Eagle and BMB are obligated to complete the merger:

- The merger agreement and the transactions contemplated thereby must have been approved by the affirmative vote of two-thirds of the outstanding shares of BMB common stock entitled to vote on the proposal;

- All required regulatory approvals required to consummate the merger and the bank merger must have been obtained and all statutory waiting periods must have expired or been terminated;

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No judgment, order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the merger shall be in effect and no statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any governmental authority that prohibits or makes illegal the consummation of the merger;

The registration statement (of which this proxy statement/prospectus is a part) registering shares of Eagle common stock to be issued in the merger must have been declared effective and no stop order may have been issued or threatened by the SEC or any governmental authority;

Each of Eagle and BMB shall have received from its tax counsel a U.S. federal income tax opinion that the merger qualifies as a "reorganization" within the meaning of Section 368(a) of the Code;

The shares of Eagle common stock to be issued pursuant to the merger shall have been approved for listing on the Nasdaq Global Market; and

The Plan of Bank Merger shall have been executed and delivered.

***Shares of Eagle common stock to be received by holders of BMB common stock as a result of the merger will have rights different from the shares of BMB common stock.***

Upon completion of the merger, BMB shareholders will become Eagle shareholders. Their rights as Eagle shareholders will be governed by Delaware corporate law and the certificate of incorporation, as amended, and bylaws of Eagle. The rights associated with BMB common stock are governed by Montana corporate law and the articles of incorporation and bylaws of BMB and are different from the rights associated with Eagle common stock.

***BMB shareholders who receive shares of Eagle common stock in the merger will have a reduced ownership and voting interest after the merger and will exercise less influence over management.***

BMB shareholders currently have the right to vote in the election of the board of directors of BMB and on other matters affecting BMB. Upon the completion of the merger, BMB shareholders who receive shares of Eagle common stock in the merger will be shareholders of Eagle with a percentage ownership in Eagle that is smaller than such shareholder's current percentage ownership of BMB. It is currently expected that the former shareholders of BMB as a group will receive shares in the merger constituting approximately 15.4% of the outstanding shares of the combined company's common stock immediately after the merger assuming an exchange ratio of 20.49 shares of Eagle common stock for each share of BMB common stock. Because of this, BMB shareholders who receive shares of Eagle common stock in the merger will have less influence on the management and policies of the combined company than they now have on the management and policies of BMB.

***Eagle and BMB will be subject to business uncertainties and contractual restrictions while the merger is pending.***

Uncertainty about the effect of the merger on employees, customers, suppliers and vendors may have an adverse effect on the business, financial condition and results of operations of BMB and Eagle. These uncertainties may impair Eagle's or BMB's ability to attract, retain and motivate key personnel, depositors and borrowers pending the consummation of the merger, as such personnel, depositors and borrowers may experience uncertainty about their future roles following the consummation of the merger. Additionally, these uncertainties could cause customers (including depositors and borrowers), suppliers, vendors and others who deal with Eagle or BMB to seek to change existing business relationships with Eagle or BMB or fail to extend an existing relationship. In addition, competitors may target each party's existing customers by highlighting potential uncertainties and integration difficulties that may result from the merger.

Eagle and BMB have a small number of key personnel. The pursuit of the merger and the preparation for the integration in connection therewith may place a burden on each company's management and internal resources. Any significant diversion of management attention away from ongoing business concerns and any difficulties encountered in the transition and integration process could have a material adverse effect on each company's business, financial condition and results of operations.



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In addition, the merger agreement restricts BMB from taking certain actions without Eagle's consent while the merger is pending. These restrictions may, among other matters, prevent BMB from pursuing otherwise attractive business opportunities, selling assets, incurring indebtedness, engaging in significant capital expenditures in excess of certain limits set forth in the merger agreement, entering into other transactions or making other changes to BMB's business prior to consummation of the merger or termination of the merger agreement. These restrictions could have a material adverse effect on BMB's business, financial condition and results of operations.

***Eagle may fail to realize the cost savings estimated for the merger.***

Although Eagle estimates that it will realize cost savings from the merger when fully phased in, it is possible that the estimates of the potential cost savings could turn out to be incorrect. For example, the combined purchasing power may not be as strong as expected, and therefore the cost savings could be reduced. In addition, unanticipated growth in Eagle's business may require Eagle to continue to operate or maintain some facilities or support functions that are currently expected to be combined or reduced. The cost savings estimates also depend on Eagle's ability to combine the businesses of Eagle and BMB in a manner that permits those costs savings to be realized. If the estimates turn out to be incorrect or Eagle is not able to combine the two companies successfully, the anticipated cost savings may not be fully realized or realized at all, or may take longer to realize than expected.

***The combined company expects to incur substantial expenses related to the merger.***

The combined company expects to incur substantial expenses in connection with completing the merger and combining the business, operations, networks, systems, technologies, policies and procedures of Eagle and BMB. Although Eagle and BMB have assumed that a certain level of transaction and combination expenses would be incurred, there are a number of factors beyond their control that could affect the total amount or the timing of these expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. Due to these factors, the transaction and combination expenses associated with the merger could, particularly in the near term, exceed the savings that the combined company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the combination of the businesses following the completion of the merger. In addition, prior to completion of the merger, each of BMB and Eagle will incur or have incurred substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement. If the merger is not completed, Eagle and BMB would have to recognize these expenses without realizing the anticipated benefits of the merger.

***Eagle and BMB may waive one or more of the conditions to the merger without re-soliciting BMB shareholder approval for the merger agreement.***

Each of the conditions to the obligations of Eagle and BMB to complete the merger may be waived, in whole or in part, to the extent permitted by applicable law, by agreement of Eagle and BMB, if the condition is a condition to both parties' obligation to complete the merger, or by the party for which such condition is a condition of its obligation to complete the merger. The boards of directors of Eagle and BMB may evaluate the materiality of any such waiver to determine whether amendment of this proxy statement/prospectus and re-solicitation of proxies is necessary. Eagle and BMB, however, generally do not expect any such waiver to be significant enough to require re-solicitation of BMB's shareholders. In the event that any such waiver is not determined to be significant enough to require re-solicitation of BMB's shareholders, the companies will have the discretion to complete the merger without seeking further shareholder approval.

***If the merger fails to qualify as a "reorganization" within the meaning of Section 368(a) of the Code, BMB shareholders may be required to recognize additional gain or recognize loss on the exchange of their shares of BMB common stock in the merger for U.S. federal income tax purposes.***

The merger is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Code, and it is a condition to the obligations of Eagle and BMB to complete the merger that each receives a legal opinion to that effect. These opinions will not be binding on the Internal Revenue Service. BMB and Eagle have not sought and will not seek any ruling from the Internal Revenue Service regarding any matters relating to the merger, and as a result, there can be no assurance that the Internal Revenue Service will not assert, or that a court would not sustain, a position contrary to any of the conclusions set forth herein. If the merger fails to qualify as a "reorganization" within the meaning of Section 368(a) of the Code, BMB shareholders may be required to recognize gain or loss on the exchange of their shares of BMB common stock in the merger for U.S. federal income tax purposes.

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***Regulatory approvals may not be received, may take longer than expected or impose conditions that are not presently anticipated.***

Before the transactions contemplated by the merger agreement, including the merger and the bank merger, may be completed, various approvals must be obtained from bank regulatory authorities. These governmental entities may impose conditions on the granting of such approvals. Such conditions or changes and the process of obtaining regulatory approvals could have the effect of delaying completion of the merger or of imposing additional costs or limitations on Eagle following the merger. The regulatory approvals may not be received at all, may not be received in a timely fashion, and may contain conditions on the completion of the merger that are not anticipated or have a material adverse effect. If the consummation of the merger is delayed, including by a delay in receipt of necessary governmental approvals, the business, financial condition and results of operations of each company may also be materially adversely affected.

***If for a specified period prior to completion of the merger (a) the Eagle volume weighted average price of its common stock fluctuates beyond a price range and (b) the fluctuations underperform or outperform the NASDAQ Bank Index during a specified time prior to the completion of the merger, then Eagle or BMB have the right to terminate the merger agreement and the merger would not occur.***

If for a specified period prior to completion of the merger (a) the Eagle average stock price is less than \$16.21 per share and (b) Eagle's common stock has underperformed the Nasdaq Bank Index by more than 15% during a specified time prior to completion of the merger, then BMB may terminate the merger agreement subject to Eagle's discretion (but not obligation) to increase the merger consideration by increasing the per share stock consideration based on a formula in the merger agreement. If Eagle elects not to increase the merger consideration, BMB may then terminate the merger agreement. In addition, if for a specified period of time prior to completion of the merger (x) the Eagle average stock price is greater than \$21.93 per share and (y) Eagle's common stock has outperformed the Nasdaq Bank Index by more than 15% during a specified time prior to completion of the merger, then Eagle may terminate the merger agreement or, subject to the terms of the merger agreement, decrease the merger consideration.

As a result, even if BMB shareholders approve the merger, the merger may ultimately not be completed. Although the Eagle board of directors has the ability to increase the merger consideration and BMB board of directors has the power to choose not to terminate the merger agreement and proceed with the merger if Eagle does not increase the merger consideration, there is no obligation of either board to exercise such power.

***The fairness opinion of BMB's financial advisor will not reflect changes in circumstances between the date of the opinion and the completion of the merger.***

BMB's board of directors received an opinion from its financial advisor to address the fairness of the merger consideration, from a financial point of view, to the holders of BMB's common stock as of August 21, 2018. Subsequent changes in the operation and prospects of Eagle or BMB, general market and economic conditions and other factors that may be beyond the control of Eagle or BMB, and on which BMB's financial advisor's opinion was based, may significantly alter the value of Eagle or the price of the shares of Eagle common stock by the time the merger is completed. Because BMB does not anticipate asking its advisor to update its opinion, the opinion will not address the fairness of the merger consideration from a financial point of view at the time the merger is completed, or as of any other date other than the date of such opinion.

***BMB's executive officers and directors have financial interests in the merger that are different from, or in addition to, the interests of BMB shareholders generally.***

Executive officers of BMB negotiated the terms of the merger agreement with Eagle, and the BMB board of directors unanimously approved and recommended that BMB shareholders vote to approve the merger agreement. In considering these facts and the other information contained in this proxy statement/prospectus, you should be aware that certain BMB and The State Bank of Townsend executive officers and directors have financial interests in the merger that are different from, or in addition to, the interests of BMB shareholders generally.

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***The break-up fee and the restrictions on third party acquisition proposals set forth in the merger agreement may discourage others from trying to acquire BMB.***

Until the completion of the merger, with some limited exceptions, BMB and its subsidiaries and representatives are prohibited from initiating, soliciting, knowingly inducing or encouraging, or knowingly taking any action to facilitate, or participating in any discussions or negotiations concerning, a proposal to acquire BMB, such as a merger or other business combination transaction, with any person other than Eagle. In addition, BMB has agreed to pay to Eagle in certain circumstances a break-up fee equal to \$750,000. These provisions could discourage other companies from trying to acquire BMB even though those other companies might be willing to offer greater value to BMB shareholders than Eagle has offered in the merger. The payment of any break-up fee could also have an adverse effect on BMB's financial condition.

***Failure of the merger to be completed, the termination of the merger agreement or a significant delay in the consummation of the merger could negatively impact Eagle and BMB.***

If the merger is not consummated, the ongoing business, financial condition and results of operations of each party may be materially adversely affected and the market price of Eagle's common stock may decline significantly, particularly to the extent that the current market price reflects a market assumption that the merger will be consummated. If the consummation of the merger is delayed, the business, financial condition and results of operations of each company may be materially adversely affected. If the merger agreement is terminated and BMB's board of directors seeks another merger or business combination, BMB's shareholders cannot be certain that BMB will be able to find a party willing to engage in a transaction on more attractive terms than the merger.

**Risks Associated with Eagle's Business**

Additional Risk Factors included in Item 1A in Eagle's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 are incorporated herein by reference. You should read and consider those Risk Factors in addition to the Risk Factors listed below.

***Anti-takeover provisions in Eagle's certificate of incorporation, by-laws and federal banking laws may make it more difficult for takeover attempts that have not been approved by Eagle's board of directors.***

Provisions of Eagle's amended and restated certificate of incorporation, as amended, and by-laws and federal banking laws, including regulatory approval requirements, could make it more difficult for a third party to acquire Eagle, even

if doing so would be perceived to be beneficial to Eagle's shareholders. The combination of these provisions effectively inhibits a non-negotiated merger or other business combination, which, in turn, could adversely affect the market price of Eagle's common stock. These provisions could also discourage proxy contests and make it more difficult for holders of Eagle's common stock to elect directors other than the candidates nominated by Eagle's board of directors.

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**CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS**

Certain statements contained in this proxy statement/prospectus, including statements included or incorporated by reference in this proxy statement/prospectus, are not statements of historical fact and constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, and are intended to be protected by the safe harbor provided by such provisions. These statements are subject to risks and uncertainties, and include information about possible or assumed future results of operations of Eagle after the merger is completed as well as information about the merger. Words such as “believes,” “expects,” “anticipates,” “estimates,” “intends,” “would,” “continue,” “should,” “may,” or similar expressions, or the negatives thereof, are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Many possible events or factors could affect the future financial results and performance of each of Eagle and BMB before the merger or Eagle after the merger, and could cause those results or performance to differ materially from those expressed in the forward-looking statements. These possible events or factors include, but are not limited to:

the failure to obtain the approval of BMB’s shareholders in connection with the merger;

the timing to consummate the proposed merger;

the risk that a condition to closing of the proposed merger may not be satisfied;

the risk that a regulatory approval that may be required for the proposed merger is not obtained or is obtained subject to conditions that are not anticipated;

the parties’ ability to achieve the synergies and value creation contemplated by the proposed merger;

the parties’ ability to promptly and effectively integrate the businesses of Eagle and BMB;

the diversion of management time on issues related to the merger;

the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement;

the failure to consummate or delay in consummating the merger for other reasons;

the effect of the announcement or pendency of the merger on Eagle's or BMB's customers, employees and business relationships, operating results, and businesses generally;

the dilution caused by Eagle's issuance of additional shares of its common stock in the merger or related to the merger;

the stock price of Eagle common stock could decline before the completion of the merger, including as a result of the financial performance of Eagle or BMB or more generally due to broader stock market movements and the performance of financial companies and peer group companies;

changes in laws or regulations; and

changes in general economic conditions.

For additional information concerning factors that could cause actual conditions, events or results to materially differ from those described in the forward-looking statements, please refer to the "*Risk Factors*" section of this proxy statement/prospectus, as well as the factors set forth under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Eagle's most recent Form 10-K report and to Eagle's most recent Form 10-Q and 8-K reports, which are available online at [www.sec.gov](http://www.sec.gov), and are incorporated herein by reference. No assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the results of operations or financial condition of Eagle or BMB. The forward-looking statements are made as of the date of this proxy statement/prospectus or the date of the applicable document incorporated by reference into this proxy statement/prospectus. Neither Eagle nor BMB undertake any obligation to publicly update or otherwise revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.



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**INFORMATION ABOUT THE BMB SPECIAL MEETING**

This section contains information about the special meeting that BMB has called to allow BMB shareholders to vote on the approval of the merger agreement. The BMB board of directors is mailing this proxy statement/prospectus to you, as a BMB shareholder, on or about November 13, 2018. Together with this proxy statement/prospectus, the BMB board of directors is also sending you a notice of the special meeting of BMB shareholders and a form of proxy that the BMB board of directors is soliciting for use at the special meeting and at any adjournments or postponements of the special meeting.

**Time, Date, and Place**

The special meeting is scheduled to be held on Wednesday, December 19, 2018 at 11:00 a.m., local time, at the Library Community Room at the Broadwater School and Community Library, 201 North Spruce Street, Townsend, Montana 59644.

**Matters to be Considered at the Meeting**

At the special meeting, BMB shareholders will be asked to consider and vote on:

a proposal to approve the merger agreement, which we refer to as the merger proposal; and

a proposal of the BMB board of directors to adjourn or postpone the special meeting, if necessary or appropriate, including to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement, which we refer to as the adjournment proposal.

A copy of the merger agreement is included in this proxy statement/prospectus as Appendix A, and we encourage you to read it carefully in its entirety.

**Recommendation of the BMB Board of Directors**

The BMB board of directors unanimously recommends that BMB shareholders vote “**FOR**” the merger proposal and “**FOR**” the adjournment proposal. See “*Proposal 1: The Merger —BMB’s Reasons for the Merger and Recommendations of the BMB Board of Directors.*”

### **Record Date and Quorum**

November 7, 2018 has been fixed as the record date for the determination of BMB shareholders entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof. At the close of business on the record date, there were 48,616 shares of BMB common stock outstanding and entitled to vote at the special meeting, held by approximately 176 holders of record.

A quorum is necessary to transact business at the special meeting. A quorum may, but need not be present, for the BMB shareholders present in person or by proxy to take action on the adjournment proposal. The presence, in person or by proxy, of the holders of a majority of the outstanding shares of BMB common stock entitled to vote at the meeting is necessary to constitute a quorum. Shares of BMB common stock represented at the special meeting but not voted, including shares that a shareholder abstains from voting will be counted for purposes of establishing a quorum. Once a share of BMB common stock is represented at the special meeting, it will be counted for the purpose of determining a quorum not only at the special meeting but also at any adjournment or postponement of the special meeting. In the event that a quorum is not present at the special meeting, it is expected that the special meeting will be adjourned or postponed.

### **Required Vote**

The affirmative vote of the holders of two-thirds of the outstanding shares of BMB common stock is required to approve the merger agreement. If you vote to “**ABSTAIN**” with respect to the merger proposal or if you fail to vote on the merger proposal, this will have the same effect as voting “**AGAINST**” the merger proposal.

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The adjournment proposal will be approved if the votes of BMB common stock cast in favor of the adjournment proposal exceed the votes cast against the adjournment proposal. If you vote to “**ABSTAIN**” with respect to the adjournment proposal or if you fail to vote on the adjournment proposal, this will have no effect on the outcome of the vote on the adjournment proposal.

Each share of BMB common stock you own as of the record date for the special meeting entitles you to one vote at the special meeting on all matters properly presented at the meeting.

## **How to Vote**

*Voting in Person.* You can vote in person by submitting a ballot at the special meeting. Nevertheless, we recommend that you vote by proxy as promptly as possible, even if you plan to attend the special meeting. This will ensure that your vote is received. If you attend the special meeting, you may vote by ballot, thereby canceling any proxy previously submitted.

*Voting by Proxy.* Your proxy card includes instructions on how to vote by mailing in the proxy card. If you choose to vote by proxy, please mark each proxy card you receive, sign and date it, and promptly return it in the envelope enclosed with the proxy card. If you sign and return your proxy without instruction on how to vote your shares, your shares will be voted “**FOR**” the merger proposal and “**FOR**” the adjournment proposal. Please do not send in your stock certificates with your proxy card. You will receive a separate letter of transmittal and instructions on how to surrender your BMB stock certificates for the merger consideration, if the merger is completed.

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON, PLEASE MARK, SIGN AND DATE THE ENCLOSED PROXY CARD AND PROMPTLY RETURN IT IN THE ENCLOSED POSTAGE-PAID ENVELOPE. SHAREHOLDERS WHO ATTEND THE SPECIAL MEETING MAY REVOKE THEIR PROXIES BY VOTING IN PERSON.**

## **Revocation of Proxies**

You can revoke your proxy at any time before your shares are voted. You can revoke your proxy by:

submitting another valid proxy card bearing a later date;

attending the special meeting and voting your shares in person; or

delivering prior to the special meeting a written notice of revocation to BMB's Corporate Secretary at the following address: 400 Broadway Street, Townsend, Montana 59644.

If you choose to send a completed proxy card bearing a later date or a notice of revocation, the new proxy card or notice of revocation must be received before the beginning of the special meeting. Attendance at the special meeting will not, in and of itself, constitute revocation of a proxy. Your last vote will be the vote that is counted.

**Shares Subject to Company Shareholder Support Agreements; Shares Held by Directors and Executive Officers**

A total of 29,258 shares of BMB common stock, representing approximately 60.2% of the outstanding shares of BMB common stock entitled to vote at the special meeting are subject to company shareholder support agreements between Eagle and each of BMB's directors and executive officers. Pursuant to these company shareholder support agreement, each such director and executive officer has agreed to vote (or cause to be voted) his or her shares of BMB common stock beneficially owned at any meeting of BMB shareholders, however called, or any adjournment or postponement thereof in favor of the approval of the merger agreement:

in favor of the approval of the merger agreement;

against any acquisition proposal, without regard to any recommendation to the shareholders of BMB by the board of directors of BMB concerning such acquisition proposal, and without regard to the terms of such acquisition proposal, or other proposal made in opposition to or that is otherwise in competition or inconsistent with the transactions contemplated by the merger agreement;

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against any agreement, amendment of any agreement, or any other action that is intended or would reasonably be expected to prevent, impede, or, in any material respect, interfere with, delay, postpone, or discourage the transactions contemplated by the merger agreement; and

against any action, agreement, transaction, or proposal that would reasonably be expected to result in a breach of any representation, warranty, covenant, agreement or other obligation of BMB in the merger agreement.

Each director and executive officer who is party to a company shareholder support agreement has agreed not to sell or otherwise transfer any shares of BMB common stock until the expiration time of the merger agreement subject to certain exceptions for estate planning purposes.

Through the company shareholder support agreement, each director and executive officer party has waived any rights of appraisal or rights to dissent from the merger that such shareholder may have under applicable law.

Each director and executive officer party to a company shareholder support agreement has also agreed to “no-shop” provisions and must use his or her reasonable best efforts to cause his or her affiliates and each of their respective officers, directors, employees and representatives to comply with the no-shop provisions.

The foregoing summary of the company shareholder support agreements entered into by BMB’s directors and executive officers, does not purport to be complete, and is qualified in its entirety by reference to the form of company shareholder support agreement attached as Exhibit A to the merger agreement, which is attached as Appendix A to this document.

For more information about the beneficial ownership of BMB common stock by certain shareholders, see “*Beneficial Ownership of BMB Common Stock by Management and Principal Shareholders of BMB.*”

## **Solicitation of Proxies**

The proxy for the special meeting is being solicited on behalf of the BMB board of directors. BMB will bear the entire cost of soliciting proxies from you. BMB may use its directors, officers and employees, who will not be specially compensated, to solicit proxies from BMB shareholders, either personally or by telephone, facsimile, letter or other electronic means.

**Attending the Meeting**

All holders of BMB common stock are cordially invited to attend the special meeting. Shareholders of record can vote in person at the special meeting.

**Questions and Additional Information**

If you have more questions about the merger or how to submit your proxy or vote, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, please contact Joni Carlton, Corporate Secretary of BMB, at (406) 266-3176.

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**PROPOSAL 1: THE MERGER**

**Background of the Merger**

As part of its ongoing consideration and evaluation of its long-term prospects and strategies, Eagle's board of directors and senior management regularly review and assess its business strategies and objectives, including strategic opportunities and challenges, and have considered various strategic opportunities, including mergers and acquisitions, all with the goal of enhancing long term value for Eagle shareholders. Over the past couple of years, Eagle's board of directors discussed the Montana banking market and acquisition opportunities generally and identified potential acquisition opportunities in the near term, based on conversations between Eagle's President and CEO, Peter J. Johnson, and other bank CEOs in the state. In November 2016, Eagle engaged Panoramic Capital Advisors, Inc. ("Panoramic Capital") as a consultant to assist Eagle with its M&A activities.

From time to time, the board of directors of BMB has engaged in reviews and discussions of BMB's long-term strategies and objectives, considering ways in which the company might enhance shareholder value and performance in light of competitive and other relevant factors. Generally, these reviews have centered on strategies to improve BMB's existing operations or to pursue opportunities in new markets or lines of business. Often these assessments included discussions and analyses of potential merger transactions as a means to enhance or improve shareholder value. In this regard, in August, 2015, BMB entered into discussions with S.B.T. Financial, Inc., and entered into a merger agreement on June 15, 2016. The merger of BMB and S.B.T. Financial, Inc. was consummated on December 31, 2016. The subsidiary banks of BMB and S.B.T. Financial, Inc. merged on December 11, 2017.

Following the BMB and S.B.T. Financial, Inc. merger, BMB management received several calls from potential merger partners due to the increased size of the institution and attractive earnings. After receiving this attention as a merger/acquisition target, the board of directors of BMB determined in September 2017 that it would be appropriate to consider merging with a suitable partner as a possible means of enhancing long-term shareholder value.

During the period from September 2017 through May 2018, the BMB management team discussed a sale to four potential bank partners. All of these potential acquirers were headquartered in Montana. These potential acquirers executed non-disclosure agreements, and reviewed confidential information materials. Also, certain members of the senior management team of BMB and The State Bank of Townsend, including Benjamin G. Ruddy, The State Bank of Townsend's President, and Wayne C. Edwards, The State Bank of Townsend's Chairman of the Board, evaluated and held various calls and in-person meetings with several different financial institutions considered to be potentially attractive partners for BMB in a strategic business combination.

Beginning in January 2018, Benjamin G. Ruddy and Peter J. Johnson engaged in discussions regarding a possible combination of BMB and Eagle. Johnson and Ruddy initially met in Helena, Montana on January 25, 2018. After this meeting and follow up discussions, BMB and Eagle entered into a non-disclosure agreement on February 14, 2018. Eagle then requested additional information from BMB and began preparing an indication of interest.

Eagle instructed Panoramic Capital and Nixon Peabody LLP, counsel to Eagle (“Nixon Peabody”) to prepare an initial letter of interest that was delivered to the BMB management team on May 4, 2018 for consideration by the BMB board of directors. During the period from May 7, 2018 through May 17, 2018, there were a series of discussions among Ruddy and Johnson related to pricing and other items in the Eagle letter of interest. The BMB management team’s discussions, communications and correspondences with various financial institutions, including Eagle, resulted in BMB receiving three informal indications of interest, including Eagle’s, proposing an acquisition of BMB and The State Bank of Townsend. The two other indications of interest were received on May 11, 2018 and May 16, 2018. Benjamin G. Ruddy contacted senior management at both financial institutions that provided these indications in an attempt to improve the transaction consideration reflected in the indications. Both parties stated that they had provided their best offer.



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At its May 17, 2018 meeting, BMB's board of directors thoroughly reviewed each of the three indications of interest. Peter Johnson and Eagle director Kenneth M. Walsh attended a portion of the May 17, 2018 meeting of the BMB board of directors to discuss Eagle's initial indication of interest and answer questions. BMB's board of directors resolved to move forward with talks with Eagle due to a substantial premium over two cash offers received and the perceived cultural fit with Eagle. The tax-free nature of an all equity transaction as proposed by Eagle was attractive to the BMB board of directors due to the wide diversity in major holders in both tax basis and estate planning. At its May 17, 2018, the BMB board of directors rejected and eliminated from consideration the two other indications of interest. The BMB board of directors believed the two other indications were not as competitive as the Eagle bid after considering both value and tax impact to the BMB shareholders and accordingly the two other indications were viewed as not in the long-term best interest of BMB and its shareholders. Both of the two other indications of interest reflected cash offers that would have resulted in approximately \$16 million net after adjustments, but then also trigger substantial tax liabilities upon close. These factors, combined with Eagle's willingness to leave all BMB branches open for three years, made the Eagle transaction more attractive to the BMB board of directors than the other indications of interest received by BMB.

Following the May 17, 2018 meeting, Ruddy contacted Johnson to advise him that the BMB board of directors had approved moving forward with Eagle's indication of interest. The final non-binding letter of interest was delivered by Eagle's President and CEO Johnson to BMB on May 25, 2018, which was accepted by BMB's President Ruddy on the same day. The letter of interest contemplated an aggregate price range of \$19 million to \$20 million, which would be finalized after due diligence and confirmed in the definitive merger agreement. In addition, the letter of interest provided that the consideration would be paid 100% in Eagle common stock.

Eagle began its diligence review, including credit due diligence, of BMB in early June 2018. Based on discussions between the parties, an electronic data room was opened for Eagle to review its due diligence requests and BMB's responses during this period. Upon the conclusion of its preliminary review of BMB's loan portfolio, representatives of Eagle communicated its continued interest in a strategic business combination. The parties continued to negotiate the principal terms of the transaction.

On July 13, 2018, Nixon Peabody circulated an initial draft of the merger agreement, along with exhibits, based on the terms outlined in the letter of interest and certain revised terms agreed to by the parties, to Ballard Spahr LLP ("Ballard"), counsel to BMB, and the parties began negotiations of the terms of the agreement.

On July 23, 2018, BMB engaged Vining Sparks IBG, LP ("Vining Sparks") to provide financial advice regarding the proposed merger with Eagle.

On July 26, 2018, Ballard sent comments on the draft of the merger agreement to Nixon Peabody. On July 31, 2018, Ballard and Nixon Peabody preliminarily reviewed and discussed issues relating to the terms of the merger agreement. From July 13, 2018 to August 18, 2018, Eagle and its representatives continued negotiations with BMB and its

representatives with respect to the terms of the potential transaction and the draft merger agreement and related documents. The issues raised in these negotiations included the respective covenants of the parties pending closing of the transaction, termination fees payable in certain circumstances, terms of an escrow agreement and certain price adjustments and pricing mechanics. Representatives of Eagle and Nixon Peabody had multiple telephonic conference calls with representatives of BMB and Ballard to negotiate the terms of the draft merger agreement and ancillary agreements.

On August 10, 2018, Nixon Peabody circulated a revised draft of the merger agreement. On August 15, 2018, Ballard provided comments on the revised draft merger agreement. On August 16, 2018, the boards of directors of BMB and The State Bank of Townsend held a joint meeting at which representatives of Vining Sparks summarized the merger agreement terms, including the exchange ratio which was 20.5046 shares of Eagle common stock for each share of BMB common stock or approximately \$19 million based on based on the volume weighted average closing price of Eagle's common stock at that time. Representatives of Vining Sparks presented an analysis of the fairness, from a financial point of view, of the Eagle share consideration to be received by BMB shareholders in the merger.

After completing its due diligence and taking into account shifts in market conditions since the letter of intent was signed, Eagle determined to set the valuation of BMB for the proposed merger at \$19 million, and Peter Johnson and Benjamin Ruddy discussed this valuation. Based upon these negotiations, the parties agreed upon a valuation of BMB of \$19 million. On August 18, 2018, Nixon Peabody circulated a revised draft of the merger agreement and received comments from Ballard on August 20, 2018. Following various calls among the parties on August 20, Nixon Peabody circulated a revised draft of the merger agreement to the working group on August 20, 2018, and Nixon Peabody and Ballard Spahr substantially finalized the merger agreement and related documents.

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On August 20, 2018, the boards of directors of BMB and The State Bank of Townsend held a joint meeting to consider the merger agreement and the transactions contemplated therein. BMB management and representatives of Vining Sparks summarized aspects of the merger agreement, the ancillary documents related to the merger agreement and the transactions contemplated therein. Representatives of Vining Sparks then provided an updated presentation regarding the fairness of the proposed merger consideration to the BMB shareholders from a financial point of view given the exchange ratio of 20.49 shares of Eagle common stock for each share of BMB common stock. The value of the stock consideration was approximately \$19 million based on the volume weighted average closing price of Eagle's common stock over the 20 prior trading days. At the conclusion of the joint meeting, Vining Sparks delivered its oral opinion, which was confirmed by delivery of a written opinion dated August 21, 2018, to the BMB board of directors that, as of that date and based upon and subject to factors and assumptions set forth therein, the merger consideration to be received by the holders of BMB common stock was fair, from a financial point of view.

Following further discussion, the BMB board of directors unanimously (i) determined and declared that the merger agreement, the merger, and the other transactions contemplated by the merger agreement are advisable and in the best interests of BMB and its shareholders, (ii) authorized, adopted and approved the merger agreement, the merger and the other transactions contemplated by the merger agreement, (iii) recommended the adoption of the merger agreement, the merger and the other transactions contemplated by the merger agreement to the BMB shareholders and (iv) resolved that the merger agreement be submitted to the BMB shareholders for adoption thereof.

On August 16, 2018 and August 21, 2018, the boards of directors of Eagle and Opportunity Bank held joint meetings to review and consider the merger agreement and the transactions and agreements contemplated by it. The management team made a presentation relating to the strategic and financial considerations and rationale of the transaction. Further to this discussion on August 16, a representative of Panoramic Capital reviewed the principal terms of the proposed transaction and the financial impacts of the merger on Eagle and provided comparable transaction analysis for Montana and national bank mergers. At the August 21 meeting, Nixon Peabody reviewed for the directors the terms and conditions of the merger agreement, the merger and the various ancillary agreements to be signed in connection with the merger agreement, and engaged in discussions with the board members on such matters. After additional discussion and deliberation, the Eagle board of directors adopted and approved the draft merger agreement and the transactions and agreements contemplated by it (subject to no material terms or conditions being revised) and determined that the merger agreement and the transactions contemplated by it were in the best interests of Eagle and its shareholders.

The parties signed the merger agreement and a press release announcing the transaction was issued on August 21, 2018, following the close of trading in Eagle common stock. A conference call to discuss the merger was held the following morning, August 22, 2018.

**BMB's Reasons for the Merger and Recommendation of the BMB Board of Directors**

After careful consideration, at its meeting on August 20, 2018, the BMB board of directors determined that the merger agreement and the transactions contemplated thereby, including the merger and bank merger, taken together, were fair to and in the best interests of the BMB shareholders. Accordingly, BMB board of directors unanimously approved the merger agreement and the transactions contemplated thereby and recommended that the BMB shareholders vote “**FOR**” the merger proposal.

In reaching its decision to approve the merger and recommend the merger to BMB shareholders, BMB’s board of directors consulted with the BMB management, as well as BMB’s financial, legal, and accounting advisors, and considered a number of factors weighing in favor of the merger, including the following, which are not presented in order of priority:

BMB’s board of directors’ belief that the merger consideration to be received by BMB shareholders pursuant to the merger represented an attractive value for the shares of BMB common stock;

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the BMB board of directors' belief that a merger with Eagle would allow BMB shareholders to participate in the future performance of a combined company that would have better future prospects than BMB was likely to achieve on a stand-alone basis or through other strategic alternatives available to BMB;

Eagle's business and financial condition, results of operations, earnings, prospects, stock price performance, and financial obligations, taking into account the results of BMB's due diligence investigation of Eagle;

BMB's business, historical, current and projected financial performance, the competitive operating environment, current management strengths, existing trends in the industry in which BMB operates, including the national and local economic conditions, the interest rate environment, regulatory environment, escalating technology demands, and the execution risks of continuing with BMB's current strategy in light of the foregoing;

the exchange ratio is fixed so that if the market price of Eagle common stock is higher at the time of the closing of the merger, the economic value of the merger consideration to be received by BMB shareholders in exchange for their shares of BMB common stock will also be higher;

BMB shareholders will receive the merger consideration in shares of Eagle common stock, which will be registered with the SEC and listed on the Nasdaq Stock Market in connection with the merger, contrasted with the lack of liquidity and restrictions on transfer currently applicable to the BMB common stock;

BMB shareholders will receive the merger consideration in shares of Eagle common stock, which will allow BMB shareholders who wish to participate in the future performance of the combined BMB and Eagle businesses and synergies resulting from the merger to do so, and, in particular, the following factors relating to the combination of the BMB and Eagle businesses:

the attractive locations of Eagle's branches in Montana and the potential for expansion and diversification of BMB's market footprint through the merger;

the merger may allow the combined company to compete more effectively through broader product offerings and a larger legal lending limit;

the common business vision and commitment to their respective customers, shareholders, employees and other constituencies shared by BMB's and Eagle's management teams;

BMB management's expectations regarding cost synergies, earnings accretion and internal rate of return for the combined company;

the merger will position the combined company to sustain the positive loan and deposit origination trends experienced by BMB and Eagle in the combined company markets;

the merger of BMB with Eagle as a larger bank holding company would provide the combined company with the opportunity to realize economies of scale, increase efficiencies of operations, and enhance the development of new products and services;

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the expanded possibilities, including organic growth and to acquire, be acquired or combine with other third parties, that would be available to the combined company, given its larger size, asset base, capital and footprint;

an enhanced management team and board of directors of Eagle following the merger with continued participation BMB's Benjamin Ruddy, which enhances the likelihood that the expected benefits of the merger will be realized; and

the likelihood of successful integration of BMB with Eagle, given Eagle's history in other acquisition transactions.

the regulatory and other approvals required in connection with the merger and the expectation that the approvals will be received in a timely manner and without imposition of unacceptable conditions;

the financial terms of recent merger and acquisition transactions involving banks and bank holding companies, particularly in Montana, and a comparison of the financial metrics of such transactions with the terms of the proposed merger with Eagle;

the financial presentation of Vining Sparks, BMB's financial advisor, to the BMB board of directors on August 20, 2018 and the oral opinion of Vining Sparks delivered to BMB's board of directors on August 20, 2018, which was confirmed by delivery of a written opinion dated August 21, 2018 to the effect that, as of the date of such opinion, and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Vining Sparks as set forth in its opinion, the consideration to be paid in the proposed merger was fair, from a financial point of view, to the holders of BMB common stock, as more fully described in the section entitled "*Proposal 1: The Merger – Opinion of BMB's Financial Advisor*" beginning on page 36 of this proxy statement/prospectus;

the fact that the merger is structured as a tax-free exchange and the expected tax benefits to the BMB shareholders from the structure of the merger;

the fact that BMB may elect to declare and pay a special cash dividend to its shareholders prior to closing if BMB achieves a minimum adjusted tangible stockholders' equity, which dividend would allow the shareholders to receive additional value in respect of their BMB common stock; and

the financial and other terms of the merger agreement, including the ability of BMB's board of directors, under certain circumstances, to withdraw, qualify, amend or modify its recommendation to BMB shareholders that they approve the merger agreement (subject to payment of a break-up fee).

After taking into account all of the factors set forth above, as well as others, the BMB board of directors concluded that the potential benefits of the merger to the BMB shareholders outweighed the potentially negative factors associated with the merger.

BMB's board of directors also considered potential risks and uncertainties associated with the merger in connection with its deliberations, including, without limitation, the following:

the possibility that Eagle will not be able to achieve anticipated cost savings or successfully integrate BMB's business, operations, and employees with those of Eagle and the risk that the anticipated benefits of the merger may not be realized in the expected time frame, if ever;

the fact that the merger consideration, which consists of shares of Eagle common stock, provides less certainty of value to BMB shareholders compared to a transaction in which they would receive only cash consideration due to the potential for a decline in the value of Eagle common stock—whether before or after consummation of the merger—which would reduce the value of the consideration received by BMB shareholders;



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the risk of potential delays in receiving necessary regulatory approvals, the risk that all conditions to the parties' obligations to consummate the merger may not be satisfied, including as a result of factors outside either party's control, and the risk that the merger may not be consummated, even if BMB shareholders approve the merger proposal;

the requirement that BMB conduct its business in the ordinary course and the restrictions on BMB's conduct of its business during the pendency of the merger, which may delay or prevent BMB from undertaking business opportunities that may arise during the pendency of the merger, whether or not the merger is completed;

that under the merger agreement, subject to certain exceptions, BMB cannot solicit competing acquisition proposals;

the possibility that BMB will have to pay a \$750,000 break-up fee to Eagle if the merger agreement is terminated under certain circumstances;

the significant costs involved in connection with entering into and completing the merger and the substantial time and effort of management required to consummate the merger, which could disrupt BMB's business operations;

the potential harm that the announcement and pendency of the merger, or the failure to complete the merger, may cause to BMB's relationships with its customers and employees, including making it more difficult to attract and retain personnel and the possible loss of personnel; and

that BMB's directors and executive officers have financial interests in the merger that are different from, or in addition to, their interests as BMB shareholders, which are further described in the section of this proxy statement/prospectus entitled "*Proposal 1: The Merger - Interests of BMB Directors and Executive Officers in the Merger.*"

In considering the recommendation of the BMB board of directors, you should be aware that certain directors and officers of BMB may have interests in the merger that are different from, or in addition to, interests of BMB shareholders generally and may create potential conflicts of interest. The BMB board of directors was aware of these interests and considered them when evaluating and negotiation the merger agreement, the merger and the other transactions contemplated by the merger agreement, and in recommending to BMB shareholders that they vote in favor of the proposal to approve the merger agreement. See "*Proposal 1: The Merger - Interests of BMB Directors and Executive Officers in the Merger.*"

The foregoing discussion of the factors and risks considered by BMB's board of directors is not exhaustive, but includes the material factors and risks considered by the board of directors. In view of the wide variety of factors and risks considered by BMB's board of directors in connection with its evaluation of the merger and the complexity of those matters, the board of directors did not consider it practical to, nor did it attempt to, quantify, rank, or otherwise assign relative weights to the specific factors that it considered in reaching its decision. In considering the factors and

risks described above, individual members of BMB's board of directors may have given different priority to different factors.

**BMB's entry into the Merger Agreement was unanimously approved by BMB's board of directors on August 20, 2018 and BMB's board unanimously recommends that you vote "FOR" the merger proposal and "FOR" the adjournment proposal.**

Each of the directors of BMB has entered into a support agreement with Eagle, pursuant to which they have agreed to vote in favor of the merger proposal and the other proposals to be voted on at the BMB special meeting. The support agreements are discussed in more detail in the section entitled "*Information About the BMB Special Meeting – Shares Subject to Company Shareholder Support Agreements; Shares Held by Directors and Executive Officers*" beginning on page 28 of this proxy statement/prospectus.

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**Eagle's Reasons for the Merger**

As a part of Eagle's growth strategy, Eagle routinely evaluates opportunities to acquire financial institutions. The acquisition of BMB is consistent with Eagle's expansion strategy. Eagle's board of directors, senior management and other officers of Opportunity Bank reviewed the business, financial condition, results of operations and prospects for BMB, the market condition of the market area in which BMB conducts business, the compatibility of the management and the proposed financial terms of the merger. In addition, management of Eagle believes that the merger will provide opportunities for future growth and provide the potential to realize cost savings. Eagle's board of directors also considered the financial condition and valuation for both BMB and Eagle as well as the financial and other effects the merger would have on Eagle's shareholders and stakeholders. The board considered the fact that the acquisition is expected to be accretive, Opportunity Bank's ability to leverage the agricultural lending expertise it has recently acquired, The State Bank of Townsend's strong deposit base and low cost of funds, and that it is a low-risk alternative to de novo expansion into north central Montana. In addition, the board of directors also considered the analysis and presentations from its outside financial advisor, Panoramic Capital.

While management of Eagle believes that revenue opportunities will be achieved and costs savings will be obtained following the merger, Eagle has not quantified the amount of enhancements or projected the areas of operation in which such enhancements will occur.

In view of the variety of factors considered in connection with its evaluation of the merger, the Eagle board did not find it useful to and did not attempt to quantify, rank or otherwise assign relative weights to factors it considered. Further, individual directors may have given differing weights to different factors. In addition, the Eagle board did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination. Rather, the board conducted an overall analysis of the factors it considered material, including thorough discussions with, and questioning of, Eagle's management.

**Opinion of BMB's Financial Advisor**

BMB's board of directors retained Vining Sparks to render financial advisory and investment banking services. Vining Sparks is a nationally recognized investment banking firm with substantial expertise in transactions similar to the proposed transaction and is familiar with BMB and its business. As part of its investment banking business, Vining Sparks is regularly engaged in the valuation of financial services companies and their securities in connection with mergers and acquisitions, private placements and valuations for estate, corporate and other purposes.

On August 20, 2018, Vining Sparks delivered its oral opinion, which was confirmed by delivery of a written opinion dated August 21, 2018, to BMB that the merger consideration to be received by BMB common shareholders in the

proposed transaction is fair, from a financial point of view, to BMB's common shareholders.

Vining Sparks' opinion was directed to BMB's board of directors and is limited to the fairness, from a financial point of view, of the consideration to be received by BMB common shareholders in the proposed transaction. It did not address BMB's underlying business decision to proceed with the proposed transaction or constitute a recommendation to the BMB board of directors as to how it should vote on the merger, and does not constitute a recommendation to any holder of BMB common stock as to how such shareholder should vote in connection with the merger.

Vining Sparks' opinion was reviewed and approved by Vining Sparks' Fairness Opinion Committee in conformity with its policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

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**The full text of Vining Sparks' written opinion is included in this proxy statement/prospectus as Appendix B and is incorporated herein by reference. You are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Vining Sparks. The summary of Vining Sparks' opinion included in this proxy statement/prospectus is qualified in its entirety by reference to the full text of such opinion.**

*The fairness opinion and a summary of the underlying financial analyses of BMB's financial advisor, Vining Sparks IBG, L.P., are described below. The summary and description contains projections, estimates and other forward-looking statements about the future earnings or other measures of the future performance of BMB. The projections were based on numerous variables and assumptions which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections. You should not rely on any of these statements as having been made or adopted by BMB or Eagle.*

For purposes of Vining Sparks' opinion and in connection with its review of the proposed transaction, Vining Sparks has, among other things:

reviewed the terms of the merger agreement made available to Vining Sparks;

reviewed certain publicly available financial statements, both audited (where available) and un-audited, and related financial information of BMB and Eagle, including those included in their respective annual reports for the past two years and their respective quarterly reports for the past two years;

reviewed publicly available consensus "street estimates" of Eagle earnings for 2018 and 2019 and reviewed publicly available research reports;

reviewed certain financial forecasts and projections of BMB, prepared by BMB management, as well as the amount and timing of the cost savings and related expenses and synergies expected to result from the merger discussed with BMB and Eagle management;

held discussions with senior management of BMB concerning the past and current results of operations of BMB, its current financial condition and management's opinion of its future prospects;

reviewed reported market prices and historical trading activity of Eagle common stock and reviewed the trading collar for Eagle as set forth in Section 7.01 of the merger agreement;

reviewed certain aspects of the financial performance of Eagle and compared such financial performance of Eagle, together with stock market data relating to Eagle common stock, with similar data available for certain other financial institutions the securities of which are publicly traded;

reviewed the financial terms of merger and acquisition transactions, to the extent publicly available, involving financial institutions and financial institution holding companies that Vining Sparks deemed to be relevant;

reviewed the pro forma financial impact of the merger on BMB; and

reviewed such other information, financial studies, analyses and investigations, as Vining Sparks considered appropriate under the circumstances.

In conducting its review and arriving at its opinion, Vining Sparks has assumed and relied, without independent verification, upon the accuracy and completeness of all of the financial and other information that has been provided to it by BMB and Eagle, and their respective representatives, and of the publicly available information that was reviewed by Vining Sparks. Vining Sparks is not an expert in the evaluation of the adequacy of allowances for loan losses and it did not independently verify the adequacy of such allowances. Vining Sparks assumed that the allowance for loan losses set forth in the financial statements of Eagle and BMB were adequate to cover such losses and complied fully with applicable law, regulatory policy and sound banking practice as of the date of such financial statements. Vining Sparks did not conduct a physical inspection of any of the properties or facilities of BMB or Eagle, did not make any independent evaluation or appraisal of the assets, liabilities or prospects of BMB or Eagle, was not furnished with any such evaluation or appraisal, and did not review any individual credit files. Vining Sparks assumed that any projections provided by or approved by BMB were reasonably prepared and reflect the best currently available estimates and judgments of BMB management.

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Vining Sparks' opinion is necessarily based on economic, market, and other conditions as in effect on, and the information made available to it as of, the date of its opinion. Events occurring after the date thereof, including but not limited to, changes affecting the securities markets, the results of operations or material changes in the assets or liabilities of Eagle or BMB could materially affect the assumptions used in preparing the opinion. Vining Sparks assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either BMB or Eagle since the date of the last financial statements of each entity that were made available to Vining Sparks. Vining Sparks assumed that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to the merger agreement will perform all of the covenants required to be performed by each party under such agreement and that the conditions precedent in the merger agreement are not waived.

In delivering its opinion to the board of directors of BMB, Vining Sparks prepared and delivered to BMB's board of directors written materials containing various analyses and other information. The following is a summary of the material financial analyses performed by Vining Sparks in connection with the preparation of its opinion and does not purport to be a complete description of all the analyses performed by Vining Sparks. The summary includes information presented in tabular format, which should be read together with the text that accompanies those tables. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, an opinion is not necessarily susceptible to partial analysis or summary description. Vining Sparks believes that its analyses must be considered as a whole and that selecting portions of such analyses and the factors considered therein, without considering all factors and analyses, could create an incomplete view of the analyses and the processes underlying its opinion. In its analyses, Vining Sparks made numerous assumptions with respect to industry performance, business and economic conditions, and other matters, many of which are beyond the control of BMB, Eagle and Vining Sparks. Any estimates contained in Vining Sparks' analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than such estimates. Estimates of values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold.

Vining Sparks' opinion was based on information available to Vining Sparks through the date of its opinion and conditions as they existed and could be evaluated on the date thereof. Vining Sparks reviewed the financial terms of the proposed transaction set forth in the merger agreement and for purposes of the financial analyses described below, and based on merger consideration of 20.49 shares of Eagle common stock for each outstanding share of BMB common stock and a value of \$19.07 per share for Eagle common stock, the merger consideration would equal \$390.74 per share.

*Selected Company Analysis - Eagle.* Vining Sparks used publicly available information to compare selected financial information and stock pricing for Eagle with a selected group of financial institutions. The Eagle peer group consisted of publicly traded Montana, Idaho, North Dakota, South Dakota and Wyoming banking organizations with total assets between \$125 million and \$3 billion, excluding merger targets. While Vining Sparks believes that the companies listed below are similar to Eagle, none of these companies have the same composition, operations, size or financial profile as Eagle.

<u>Company</u>	<u>Ticker</u>	<u>City</u>	<u>State</u>
Alerus Financial Corporation	ALRS	Grand Forks	ND
BNCCORP, INC.	BNCC	Bismarck	ND
Community 1st Bank	CMYF	Post Falls	ID
Dacotah Banks, Inc.	DBIN	Aberdeen	SD
Idaho Independent Bank	IIBK	Coeur d'Alene	ID
Security National Corporation	SNLC	Dakota Dunes	SD



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To perform this analysis, Vining Sparks used financial information as of June 30, 2018, a price of \$19.07 per share for Eagle common stock (the Starting Price for Eagle) and pricing data for the peer group as of August 10, 2018 obtained from SNL Financial LC. The following table sets forth the comparative financial and market data:

	Eagle	Peer Group Median		
Total Assets (in millions)	\$826.8	\$1,217.3		
LTM Return on Average Assets	0.55 %	0.82 %		
LTM Return on Average Equity	5.15 %	8.07 %		
Equity/Assets	11.10%	9.91 %		
Loans/Deposits	94.87%	67.76 %		
Loan Loss Reserve/Gross Loans	1.04 %	1.57 %		
Nonperforming Assets/Assets	0.24 %	0.24 %		
Efficiency Ratio	79.19%	71.41 %		
Price/Book Value Per Share	1.13x	1.35x		
Price/Tangible Book Value Per Share	1.34x	1.52x		
Price/LTM Earnings Per Share	21.0x	18.5x		

*Stock Trading History.* Vining Sparks reviewed the closing per share market prices and volumes for Eagle common stock on a daily basis from January 1, 2018 to August 10, 2018. Eagle is listed for trading on Nasdaq Global Market under the symbol “EBMT”. For the period between January 1, 2018 to August 10, 2018, the closing price of Eagle common stock ranged from a low of \$18.41 to a high of \$21.75. The closing price on August 10, 2018 was \$19.05 per share. For the period between January 1, 2018 and August 10, 2018, the average daily trading volume for Eagle was 3,912 shares.

*Analysis of Selected Financial Institution Transactions.* Vining Sparks reviewed certain publicly available information regarding selected merger and acquisition transactions (the “Comparable Transactions”) announced from January 1, 2018 to August 10, 2018 involving U.S. financial institutions not located in a metropolitan statistical area, with total assets under \$400 million and a return on assets over 0.00%. The transactions included in the group are shown in the following chart. This data was obtained from SNL Financial LC.

<u>Buyer</u>	<u>State</u>	<u>Seller</u>	<u>State</u>
Chevelle Corporation	IA	Victor State Bank	IA
Mackinac Financial Corporation	MI	First Federal of Northern Michigan	MI
CNB Bank Shares, Inc.	IL	Jacksonville Bancorp, Inc.	IL
Parkway Acquisition Corp.	VA	Great State Bank	NC
RCB Holding Company, Inc.	OK	Central Bank and Trust Co.	KS
Plains Bancshares, Inc.	KS	Sixth Bancshares, Inc.	KS
First US Bancshares, Inc.	AL	Peoples Bank	VA
Ames National Corporation	IA	Clarke County State Bank	IA

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Century Next Financial Corp.	LA	Ashley Bancstock Company	AR
Emclaire Financial Corp	PA	Community First Bancorp, Inc.	PA
Business First Bancshares, Inc.	LA	Richland State Bancorp, Inc.	LA
Mackinac Financial Corporation	MI	Lincoln Community Bank	WI
Equity Bancshares, Inc.	KS	City Bank and Trust Company	OK
Southern Missouri Bancorp, Inc.	MO	Gideon Bancshares Company	MO
Citizens Community Bancorp, Inc.	WI	United Bank	WI
City Holding Company	WV	Farmers Deposit Bancorp, Inc.	KY
Spirit of Texas Bancshares, Inc.	TX	Comanche National Corporation	TX
Summit Financial Group, Inc.	WV	Peoples Bankshares, Inc.	WV

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Vining Sparks reviewed the multiples of transaction value to book, transaction value to tangible book, transaction value to earnings, transaction value to assets and tangible book premium to core deposits and calculated high, low and median multiples for the Comparable Transactions. The median multiples were then applied to BMB's balance sheet information as of June 30, 2018, earnings for 2017 and estimated earnings for 2018 to derive an implied range of values for BMB. The following table sets forth the median multiples as well as the implied values based upon those median multiples. The results of the analysis are set forth in the following table:

	Comparable Transaction Median Multiple	Implied Value  (Per Share)
Transaction Value/Book Value	1.36x	\$381.64
Transaction Value/Tangible Book Value	1.37x	\$373.82
Transaction Value/2017 Earnings	16.70x	\$305.04
Transaction Value/Estimated 2018 Earnings	16.70x	\$429.40
Transaction Value/Assets	14.43	% \$329.20
Tangible Premium/ Core Deposits	5.43	% \$368.98

No company or transaction used as a comparison in the above analysis is identical to BMB or the proposed transaction. Accordingly, an analysis of these results is not strictly mathematical. An analysis of the results of the foregoing involves complex considerations and judgments concerning differences in financial and operating characteristics of BMB and the companies included in the Comparable Transactions. The transaction value of \$390.74 is within the range of implied values computed using the Comparable Transactions, which supports the fairness of the transaction.

*Present Value Analysis.* Vining Sparks present value of theoretical future earnings of BMB and compared the transaction value to the calculated present value of BMB's common stock on a stand-alone basis. Based on projected earnings for BMB of \$1.25 million in 2018, \$1.50 million in 2019, \$1.54 million in 2020, \$1.58 million in 2021 and \$1.62 million in 2022, a discount rate of 12%, and including a residual value, the stand-alone present value of BMB equaled \$318.99 per share. The transaction value of \$390.74 per share is above this value, which supports the fairness of the transaction.

*Discounted Cash Flow Analysis.* Using a discounted cash flow analysis, Vining Sparks estimated the net present value of the future streams of after-tax cash flow that BMB could produce to benefit a potential acquirer, referred to as dividendable net income, and added a terminal value. Based on projected earnings for BMB of for 2018 through 2022 (indicated above), we assumed after-tax distributions to a potential acquirer such that its tier 1 leverage ratio would be maintained at 8.00%. The terminal value for BMB was calculated based on BMB's projected 2022 equity, the median price to tangible book multiple paid in the Comparable Transactions and utilized discount rate of 12%. This discounted cash flow analysis indicated an implied value of \$324.13 per share. The transaction value of \$390.74 per share is above this value, which supports the fairness of the transaction.

*Pro Forma Merger Analysis.* Vining Sparks performed pro forma merger analyses to calculate the financial implications of the merger to BMB common shareholders. This analysis assumes, among other things, the terms of the transaction as indicated above, that the merger closes at December 31, 2018 and cost savings and revenue enhancement opportunities of \$1,235,000 annually in the years 2019 through 2022, which approximates 30% of BMB's total overhead expense in 2017. This analysis utilized earnings estimates of \$0.95 per share in 2018, \$1.45 per share in 2019 and \$1.67 per share in 2020 for Eagle and earnings estimates of \$25.71 per share in 2018, \$30.85 per share in 2019 and \$31.62 for BMB. This analysis indicated that in 2019 and 2020, the merger would be approximately 7% and 16% accretive, respectively to BMB's projected earnings per share.

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In the two years prior to the issuance of this opinion, Vining Sparks has not provided financial advisory services to BMB. In the two years prior to the issuance of this opinion, Vining Sparks engaged in securities and loan sales and trading activity with Eagle and/or its subsidiary bank for which Vining Sparks was paid an immaterial amount of commissions or other fees, which may include mark-ups on the purchase or sale of loans and securities. Pursuant to the terms of an engagement letter with BMB, Vining Sparks received a fee of \$25,000 upon delivery of its opinion. Vining Sparks' opinion fee is not contingent upon consummation of the proposed transaction. In addition, BMB has agreed to indemnify Vining Sparks against certain liabilities and expenses arising out of or incurred in connection with its engagement, including liabilities and expenses which may arise under the federal securities laws.

*Conclusion.* Based upon the foregoing analyses and other investigations and assumptions as set forth in its opinion, without giving specific weightings to any one factor, analysis or comparison, Vining Sparks determined that, as of the date of its opinion, the merger consideration to be paid in connection with the merger is fair, from a financial point of view, to the holders of BMB common stock. **Each BMB stockholder is encouraged to read Vining Sparks' fairness opinion in its entirety. The full text of this fairness opinion is included as Appendix B to this proxy statement/prospectus.**

**Material U.S. Federal Income Tax Consequences of the Merger**

The following section constitutes the opinion of Nixon Peabody as to the anticipated material U.S. federal income tax consequences of the merger generally applicable to U.S. holders (as defined below) of BMB common stock. These opinions and the following discussion are based on, and subject to, the Code, the treasury regulations promulgated under the Code, existing interpretations, court decisions, and administrative rulings, all of which are in effect as of the date of this proxy statement/prospectus, and all of which are subject to change, possibly with retroactive effect. Any such change could affect the continuing validity of the discussion.

This summary only addresses the material U.S. federal income tax consequences of the merger to the BMB shareholders that hold BMB common stock as a capital asset within the meaning of Section 1221 of the Code. This summary does not address all aspects of U.S. federal income taxation that may be applicable to BMB shareholders in light of their particular circumstances or to BMB shareholders subject to special treatment under U.S. federal income tax law, such as:

shareholders who are not U.S. holders;

pass-through entities or investors in pass-through entities;

financial institutions;

insurance companies;

tax-exempt organizations;

brokers, banks or dealers in securities or currencies;

traders in securities that elect to use a mark-to-market method of accounting;

persons whose functional currency is not the U.S. dollar;

persons who purchased or sell their shares of BMB common stock as part of a wash sale;

shareholders who hold their shares of BMB common stock as part of a hedge, straddle, constructive sale or conversion transaction;

regulated investment companies;

estate investment trusts; and

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shareholders who acquired their shares of BMB common stock pursuant to the exercise of employee stock options or otherwise acquired shares as compensation or through a tax-qualified retirement plan.

In addition, the discussion does not address any alternative minimum tax or any state, local or foreign tax consequences of the merger.

***U.S. Holders***

For purposes of this summary, the term “U.S. holder” means a beneficial holder of BMB common stock that is:

a citizen or resident of the U.S.; or

a corporation (including any entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the U.S. or any of its political subdivisions; or

a trust that: (i) is subject to both the primary supervision of a court within the U.S. and the control of one or more U.S. persons; or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or

an estate that is subject to U.S. federal income tax on its income regardless of its source.

If a partnership (including any entity or arrangement that is taxed as a partnership for U.S. federal income tax purposes) holds BMB common stock, the tax treatment of a partner will generally depend on the status of the partners and the activities of the partnership. Partnerships and partners in such a partnership should consult their tax advisers about the tax consequences of the merger to them.

***The Merger***

The parties intend for the merger to qualify as a “reorganization” within the meaning of Section 368(a) of the Code. It is a condition to Eagle’s and BMB’s obligation to complete the merger that they each receive an opinion from their respective counsel, dated as of the closing date of the merger, to the effect that the merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Code. In addition, in connection with the filing of the registration statement of which this document is a part, Nixon Peabody has delivered an opinion to Eagle, to the same

effect as the opinions described above. These tax opinions will be based on representation letters provided by BMB and Eagle and which set forth customary factual assumptions. None of the opinions described above will be binding on the Internal Revenue Service. BMB and Eagle have not sought and will not seek any ruling from the Internal Revenue Service regarding any matters relating to the merger, and as a result, there can be no assurance that the Internal Revenue Service will not assert, or that a court would not sustain, a position contrary to any of the conclusions set forth below. In addition, if any of the representations or assumptions upon which those opinions are based are inconsistent with the actual facts, the United States federal income tax consequences of the merger could be adversely affected. Based on factual representations contained in the representation letters provided by BMB and Eagle, and which representations must continue to be true and accurate as of the effective time of the merger, in the opinion of Nixon Peabody, the merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Code.

The tax consequences of the merger to a U.S. holder of BMB common stock will generally depend upon the form of consideration such U.S. holder receives in the merger.

*Exchange for Solely Eagle Common Stock.* Pursuant to the merger agreement, upon exchanging all of your shares of BMB common stock solely for Eagle common stock (and cash instead of fractional shares of Eagle common stock), you will generally not recognize gain or loss, except with respect to cash received instead of fractional shares of Eagle common stock (see “*Cash Instead of Fractional Shares*” below). Your aggregate tax basis in the Eagle common stock received will be the same as your aggregate tax basis in your BMB common stock surrendered in the transaction, reduced by the basis attributable to any fractional share of Eagle common stock deemed sold (as discussed below under the heading “*Cash Instead of a Fractional Share*”). Your holding period for the Eagle common stock received will include the holding period of your BMB common stock surrendered.



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*Cash Instead of a Fractional Share.* If you receive cash in the merger instead of a fractional share interest in Eagle common stock, you will be treated as having received such fractional share in the merger, and then as having received cash in exchange for such fractional share. Gain or loss would be recognized in an amount equal to the difference between the amount of cash received and your adjusted tax basis allocable to such fractional share. Except as described in the section entitled “Dividend Treatment” below, this gain or loss will generally be a capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, you have held your shares of BMB common stock for more than one year.

***Backup Withholding and Information Reporting***

In general, information reporting requirements may apply to any cash payments made to a U.S. holder in connection with the merger, unless an exemption applies. Backup withholding may be imposed on the above payments if a U.S. holder (1) fails to provide a taxpayer identification number or appropriate certificates or (2) otherwise fails to comply with all applicable requirements of the backup withholding rules.

Any amounts withheld from payments to a U.S. holder under the backup withholding rules are not an additional tax and will be allowed as a refund or credit against its applicable U.S. federal income tax liability, provided the required information is furnished to the IRS. U.S. holders should consult their own tax advisors regarding the application of backup withholding based on their particular circumstances and the availability and procedure for obtaining an exemption from backup withholding.

A U.S. holder of BMB common stock who receives Eagle common stock as a result of the merger will be required to retain records pertaining to the merger. Each U.S. holder of BMB common stock who is required to file a U.S. federal income tax return and who is a “significant holder” that receives Eagle common stock in the merger will be required to file a statement with such U.S. federal income tax return in accordance with Treasury Regulations Section 1.368-3 setting forth information regarding the parties to the merger, the date of the merger, such holder’s basis in the BMB common stock surrendered and the fair market value of Eagle common stock received in the merger. A “significant holder” is a holder of BMB common stock who, immediately before the merger, owned at least 5% of the outstanding stock of BMB or securities of BMB with a basis for U.S. federal income tax purposes of at least \$1 million.

**The preceding discussion is for general information purposes only and is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the merger. The discussion does not address tax consequences which may vary with, or are contingent on, your individual circumstances. Moreover, the discussion does not address any non-income tax or any foreign, state or local tax consequences of the merger. Accordingly, you are strongly encouraged to consult with your own tax advisor as to the tax consequences of the merger in your particular circumstances, including any state, local or foreign and other tax laws and of changes in those laws.**

### **Accounting Treatment**

The merger will be accounted for using the acquisition method of accounting with Eagle treated as the acquiror. Under this method of accounting, BMB's assets and liabilities will be recorded by Eagle at their respective fair values as of the date of completion of the merger. Financial statements of Eagle issued after the merger will reflect these values and will not be restated retroactively to reflect the historical financial position or results of operations of Eagle.

### **Regulatory Approvals**

Under federal law, the merger and bank merger must be approved by the Federal Reserve and the bank merger must also be approved by the Montana Division of Banking and Financial Institutions. Once the Federal Reserve approves the merger, the parties must wait for up to 30 days before completing the merger. With the concurrence of the U.S. Department of Justice and permission from the Federal Reserve, however, the merger may be completed on or after the fifteenth day after approval from the Federal Reserve.

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As of the date of this proxy statement/prospectus, all of the required regulatory applications have been filed. There is no assurance as to whether the regulatory approvals will be obtained or as to the dates of the approvals. There also can be no assurance that the regulatory approvals received will not contain any condition that would increase any of the minimum regulatory capital requirements of Eagle following the bank merger or have a material adverse effect. See “*The Merger Agreement – Conditions to Completion of the Merger.*”

**Dissenters’ Rights for BMB Shareholders**

Holders of BMB common stock as of the record date are entitled to dissenters’ rights under the MBCA. Pursuant to Section 35-1-827 of the MBCA, a BMB shareholder who does not wish to accept the consideration to be received pursuant to the terms of the merger agreement may dissent from the merger and elect to receive the fair value of his or her shares of BMB common stock. Pursuant to Section 35-1-830, any BMB shareholder who desires to assert dissenters’ rights must deliver notice of such intention to BMB before the date of the special meeting to vote on the proposal to approve the merger agreement. Under the terms of the merger agreement, if holders of 10% or more of the outstanding shares of BMB common stock validly exercise their dissenters’ rights, then Eagle will not be obligated to complete the merger.

In order to exercise dissenters’ rights, a dissenting BMB shareholder must strictly comply with the statutory procedures of Sections 35-1-826 through 35-1-839 of the MBCA. A copy of the full text of those Sections is included as Appendix C to this proxy statement/prospectus. BMB shareholders are urged to read Appendix C in its entirety and to consult with their legal advisors. Failure to adhere strictly to the requirements of Montana law in any regard will cause a forfeiture of any dissenters’ rights.

Certain BMB shareholders are subject to company shareholder support agreements, dated as of August 21, 2018, by which such BMB shareholders have agreed to waive all dissenters’ rights, appraisal rights and similar rights in connection with the merger.

**BECAUSE OF THE COMPLEXITY OF THE PROVISIONS OF MONTANA LAW RELATING TO DISSENTERS’ APPRAISAL RIGHTS, SHAREHOLDERS WHO ARE CONSIDERING DISSENTING FROM THE MERGER ARE URGED TO CONSULT THEIR OWN LEGAL ADVISORS.**

**Board of Directors and Management of Eagle Following the Merger**

The members of the board of directors of Eagle and Opportunity Bank immediately prior to the effective time of the merger will be the directors of the surviving companies plus Benjamin G. Ruddy, President of BMB and of The State Bank of Townsend, will be added to the boards of Eagle and Opportunity Bank. Directors will hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal.

The executive officers of Eagle and Opportunity Bank immediately prior to the effective time of the merger will be the executive officers of the surviving companies and will hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal.

Information regarding the executive officers and directors of Eagle is contained in documents filed by Eagle with the SEC and incorporated by reference into this proxy statement/prospectus, including Eagle's Annual Report on Form 10-K for the year ended December 31, 2017 and its definitive proxy statement on Schedule 14A for its 2018 annual meeting, filed with the SEC on March 13, 2018. See "*Where You Can Find More Information*" and "*Documents Incorporated by Reference*." For information regarding Benjamin G. Ruddy, see "*Business of Big Muddy Bancorp, Inc. – Management*."

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**Interests of BMB Directors and Executive Officers in the Merger**

In the merger, the directors and executive officers of BMB will receive the same merger consideration for their BMB shares as the other BMB shareholders. In considering the recommendation of the BMB board of directors that you vote to approve the merger agreement, you should be aware that some of the executive officers and directors of BMB may have interests in the merger and may have arrangements, as described below, that may be considered to be different from, or in addition to, those of BMB shareholders generally. The BMB board of directors was aware of these interests and considered them, among other matters, in reaching its decision to adopt and approve the merger agreement and to recommend that BMB shareholders vote in favor of approving the merger agreement. For a more complete description of BMB's reasons for the merger and the recommendations of the BMB board of directors, please see the section entitled "*Proposal 1: The Merger – Background of the Merger*" and "*Proposal 1: The Merger – BMB's Reasons for the Merger and Recommendations of the BMB Board of Directors*" beginning on pages 30, and 32, respectively of this proxy statement/prospectus. BMB's shareholders should take these interests into account in deciding whether to vote "**FOR**" the proposal to approve the merger agreement. These interests are described in more detail below.

***Director Restrictive Covenant Agreement; Claims Letters***

Each member of the BMB and The State Bank of Townsend boards of directors have entered into a restrictive covenant agreement, covering a two-year period commencing with the effective time of the merger, with Eagle in the form attached as Exhibit E to the merger agreement attached as Appendix A to this document. However, directors would be permitted to serve on other bank boards within the restricted territory after the first anniversary of the restrictive covenant agreement. In addition, each of the members of the BMB and The State Bank of Townsend boards of directors have entered into a claims letter in the form attached as Exhibit D to the merger agreement attached as Appendix A to this proxy statement/prospectus, by which they have agreed to release certain claims against BMB, effective as of the effective time of the merger.

***Indemnification and Insurance***

As described under "*The Merger Agreement – Indemnification and Directors' and Officers' Insurance*" beginning on page 53 of this proxy statement/prospectus, for a period of six years from and after the effective time of the merger, Eagle will indemnify and defend the present and former directors and officers of BMB and its subsidiaries against claims pertaining to matters occurring at or prior to the closing of the merger as permitted by BMB's articles of incorporation and bylaws in effect as of the date of the merger agreement and under applicable law. Eagle also has agreed, for a period of six years after the effective time of the merger, to provide coverage to present and former directors and officers of BMB pursuant to BMB's existing directors' and officers' liability insurance. This insurance policy may be substituted, but must contain at least the same coverage and amounts, and contain terms no less advantageous than the coverage currently provided by BMB. In no event shall Eagle be required to expend for the tail

insurance a premium amount in excess of 250% of the annual premiums paid by BMB for its directors' and officers' liability insurance in effect as of the date of the merger agreement.

Benjamin G. Ruddy will become a director of Eagle and Opportunity Bank upon consummation of the merger and bank merger. Eagle has agreed to employ Benjamin G. Ruddy and Joni Carlton for at least three years following the closing of the merger. Eagle has also agreed to assume certain obligations of The State Bank of Townsend under a salary continuation agreement with Joni Carlton.

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**PROPOSAL 2: ADJOURNMENT OF THE BMB SPECIAL MEETING**

BMB shareholders are being asked to approve the adjournment proposal.

If this adjournment proposal is approved, the BMB special meeting could be adjourned to any date if necessary or appropriate to solicit additional proxies if there are insufficient votes to approve the merger agreement at the time of the special meeting. If the adjournment proposal is approved, we may also adjourn the meeting and use the additional time to solicit proxies from BMB shareholders that have previously returned proxies voting against the merger proposal and seek to convince the holders of those BMB shares to change their votes to votes in favor of the merger proposal. The bylaws of BMB provide that in the absence of a quorum, a special meeting may be adjourned to a subsequent date provided a notice is mailed to each shareholder entitled to vote at least five days before such adjourned meeting.

If the BMB special meeting is adjourned, BMB shareholders who have already submitted their proxies will be able to revoke them at any time prior to their use. If you sign and return a proxy and do not indicate how you wish to vote on the adjournment proposal, your shares of BMB common stock will be voted in favor of the adjournment proposal.

We do not anticipate calling a vote on the adjournment proposal if the merger proposal is approved by the requisite number of BMB shares of common stock at the special meeting.

The adjournment proposal will be approved if the votes of BMB common stock cast in favor of the adjournment proposal exceed the votes cast against the adjournment proposal.

**THE BMB BOARD OF DIRECTORS RECOMMENDS THAT BMB SHAREHOLDERS VOTE “FOR” THE APPROVAL OF THE ADJOURNMENT PROPOSAL.**

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**THE MERGER AGREEMENT**

*The following is a summary of the material provisions of the merger agreement. This summary is qualified in its entirety by reference to the merger agreement, a copy of which is included as Appendix A to this proxy statement/prospectus and is incorporated herein by reference. You should read the merger agreement carefully and in its entirety, as it is the legal document governing the merger.*

**The Merger and the Bank Merger**

The boards of directors of Eagle and BMB have each unanimously approved and adopted the merger agreement, which provides for the merger of BMB with and into Eagle, with Eagle as the surviving company in the merger.

The merger agreement also provides that immediately after the effective time of the merger, The State Bank of Townsend, a Montana state bank and wholly-owned subsidiary of BMB, will merge with and into Opportunity Bank, a Montana state bank and wholly owned subsidiary of Eagle, with Opportunity Bank as the surviving bank of such merger. The terms and conditions of the merger of The State Bank of Townsend and Opportunity Bank are set forth in a separate plan of merger and merger agreement (referred to as the “plan of bank merger”), the form of which is attached as Exhibit C to the merger agreement, included as Appendix A to this proxy statement/prospectus. We refer to the merger of The State Bank of Townsend and Opportunity Bank as the “bank merger.”

**Closing and Effective Time of the Merger**

Unless both Eagle and BMB otherwise agree, the closing of the merger will take place at 10:00 a.m., Mountain time, on a date which shall be no later than five business days after all the conditions to the closing (other than conditions to be satisfied at the closing, which shall be satisfied or waived at the closing) have been satisfied or waived in accordance with the terms of the merger agreement, unless another date or time is agreed to by Eagle and BMB. Simultaneously with the closing of the merger, Eagle will file articles of merger with the Secretary of State of the State of Montana and a certificate of merger with the Secretary of State of the State of Delaware. The merger will become effective at such time as the articles of merger and certificate of merger are filed or such other time as may be specified in the articles of merger and certificate of merger.

We currently expect that the merger will be completed in the first quarter of 2019, subject to the approval of the merger agreement by BMB shareholders, certain bank regulators and other conditions. However, completion of the merger could be delayed if there is a delay in satisfying any other conditions to the merger. No assurance is made as to



whether, or when, Eagle and BMB will complete the merger. See “*The Merger Agreement – Conditions to Completion of the Merger*” on page 58 of this proxy statement/prospectus.

## **Merger Consideration**

Under the terms of the merger agreement, each share of BMB common stock outstanding immediately prior to the effective time of the merger (excluding certain shares held by BMB, Eagle and their wholly-owned subsidiaries and dissenting shares described below) will be automatically converted into the right to receive 20.49, which we refer to as the exchange ratio, shares of Eagle common stock.

No fractional shares of Eagle common stock will be issued in connection with the merger. Instead, Eagle will make to each BMB shareholder who would otherwise receive a fractional share of Eagle common stock a cash payment, without interest and rounded to the nearest whole cent, equal to: (i) the fractional share amount *multiplied by* (ii) the average daily volume weighted average price of Eagle common stock on the Nasdaq Global Market for the 20 trading days preceding the fifth trading day immediately preceding the closing date.

In order to avoid termination of the merger agreement, the merger consideration may be adjusted in certain circumstances based on whether Eagle common stock is trading either higher or lower than prices specified in the merger agreement immediately prior to the closing of the merger. If the “average closing price” (determined over a 20 trading day period prior to the determination date, as defined in the merger agreement) of Eagle’s common stock exceeds \$21.93 per share and Eagle’s stock outperforms the Nasdaq Bank Index by more than 15%, Eagle may terminate the merger agreement, or elect to reduce the per share stock consideration, *provided, however*, that Eagle may not adjust the per share stock consideration in a manner that would result in the aggregate shares of Eagle common stock to be issued in the merger being less than 939,164 shares.

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Conversely, if the “average closing price” is less than \$16.21 per share and Eagle’s stock has also underperformed the Nasdaq Bank Index by more than 15%, BMB may terminate the merger agreement, unless Eagle elects to increase the per share stock consideration, *provided, however*, that Eagle is not required to issue more than an aggregate of 19.9% of its outstanding shares of common stock as of the effective time of the merger. See “*Proposal 1: The Merger – Termination.*”

All shares of Eagle common stock received by BMB shareholders in the merger will be freely tradable, except that shares of Eagle common stock received by persons who become affiliates of Eagle for purposes of Rule 144 under the Securities Act may be resold by them only in transactions permitted by Rule 144, or as otherwise permitted under the Securities Act.

A BMB shareholder has the right to dissent from the merger and obtain the fair value of his or her shares of BMB common stock in lieu of receiving the merger consideration by strictly following the dissenters’ rights procedures under the MBCA. Shares of BMB common stock outstanding immediately prior to the effective time of the merger and which are held by a shareholder who does not vote to approve the merger agreement and who properly demands the fair value of such shares pursuant to, and who complies with, the dissenters’ rights procedures under the MBCA are referred to as “dissenting shares.” See “*Proposal 1: The Merger – Dissenters’ Rights for BMB Shareholders*” and *Appendix C – Provisions of Montana Business Corporation Act relating to Dissenters’ Rights* on pages 44 and C-1, respectively.

If Eagle or any company belonging in the Nasdaq Bank Index declares or effects a stock dividend, reclassification, recapitalization, split-up, combination, exchange of shares or similar transaction between the date of the merger agreement and the relevant determination date, the prices for and amount of shares of Eagle common stock or the common stock of such other company, as the case may be, will be appropriately adjusted for the purposes of calculating the adjustments described above.

Based upon the closing sale price of the Eagle common stock on the Nasdaq Global Market of \$16.69 on November 8, 2018, the last practicable trading date prior to the printing of this proxy statement/prospectus, the value of the merger consideration was approximately \$341.98 per share of BMB common stock.

The value of the shares of Eagle common stock to be issued to BMB shareholders in the merger will fluctuate between now and the closing date of the merger. We make no assurances as to whether or when the merger will be completed, and you are advised to obtain current sale prices for the Eagle common stock. See “*Risk Factors – Because the sale price of the Eagle common stock will fluctuate, you cannot be sure of the value of the per share stock consideration that you will receive in the merger until the closing.*”

## **Exchange Procedures**

Eagle has appointed as the exchange agent under the merger agreement its transfer agent, Computershare Inc. The merger agreement requires Eagle to cause the exchange agent as promptly as practicable after the effective time but in no event later than five business days after the closing date, to mail or otherwise deliver transmittal materials, which will include instructions to effect the surrender of certificates, to each holder of BMB common stock. Upon surrender to the exchange agent of its certificates representing outstanding shares of BMB common stock, a BMB shareholder will be entitled to receive the merger consideration and any cash in lieu of a fractional share or Eagle common stock to be issued.

Subject to law, following the surrender of any certificate, there shall be issued and/or paid to the holder of the certificates representing whole shares of Eagle common stock issued in exchange for BMB common stock, without interest: (i) at the time of such surrender, the dividends or other distributions with a record date after the effective time of the merger payable with respect to the whole shares of Eagle common stock and not paid; and (ii) at the appropriate payment date, the dividends or other distributions payable with respect to shares of Eagle common stock with a record date after the effective time of the merger and with a payment date subsequent to surrender.

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After the effective time of the merger, there will be no registration of transfers on the stock transfer books of BMB of BMB common stock.

**Conduct of Business Pending the Merger**

Pursuant to the merger agreement, BMB has agreed to certain restrictions on its activities until the effective time of the merger. BMB has agreed that, except as otherwise permitted by the merger agreement, or as required by applicable law, or with the prior written consent of Eagle, it will:

carry on its business, including the business of its subsidiary, in the ordinary course of business and in compliance in all material respects with all applicable laws;

operate in all material respects in the ordinary course of business in respect of loan loss provisioning, securities, portfolio management, compensation and other expense management and other operations which might impact BMB's equity capital;

use commercially reasonable efforts to preserve its business organizations and assets intact;

use commercially reasonable efforts to keep available the present services of the current officers and employees of BMB and its subsidiaries;

use commercially reasonable efforts to preserve the goodwill of its customers, employees, lessors and others with whom business relationships exist; and

use commercially reasonable efforts to continue diligent collection efforts with respect to delinquent loans and, to the extent within its control, not allow any material increase in delinquent loans.

Until the effective time of the merger, Eagle has agreed to use commercially reasonable efforts to carry on its business consistent with prudent banking practices and in compliance in all material respects with all applicable laws. Eagle has also agreed not to take any action or knowingly fail to take any action that is intended or its reasonably likely to (i) prevent, delay or impair in any material respect Eagle's ability to consummate the merger or the transactions contemplated by the merger agreement, (ii) prevent the merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code, (iii) take any action that is intended or expected to result in any of its representations and warranties set forth in the merger agreement being or becoming untrue in any material respect or in any of the conditions to the merger not being satisfied or in violation of any provision of the merger agreement, except in every case, as may be required by law, or (iv) agree to take, make any commitment to take or adopt any resolutions of its

board of directors in support of any of the actions prohibited as described above.

Each of the Eagle and BMB have agreed to use commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws, so as to permit consummation of the transactions contemplated by the merger agreement as promptly as practicable.

BMB has also agreed that except as otherwise permitted by the merger agreement or required by applicable law, or with the prior written consent of Eagle (not to be unreasonably withheld or delayed) it will not:

issue, sell, grant, pledge, dispose of, encumber, or otherwise permit to become outstanding, or authorize the creation of, any additional shares of its stock, any rights, any award or grant under any BMB stock plan or otherwise, or any other securities of BMB or its subsidiaries, or enter into any agreement with respect to any of the foregoing;

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except as expressly permitted by the merger agreement, accelerate the vesting of any existing rights of BMB shareholders that would obligate BMB to issue or dispose of any of its capital stock or other ownership interests;

adjust, split, combine, redeem, reclassify, exchange, purchase or otherwise acquire any shares of its capital stock;

except as disclosed to Eagle, make, declare, pay or set aside for payment of dividends payable in cash, stock or property on or in respect of, or declare or make any distribution on, any shares of its capital stock, except for (i) payments from The State Bank of Townsend to BMB or from any subsidiary of The State Bank of Townsend to The State Bank of Townsend and (ii) a special dividend in the event that its adjusted tangible stockholders' equity exceeds \$13.3 million as of a certain date prior to closing of the merger;

enter into, establish, adopt, amend, terminate or renew any BMB benefit plan, or grant any salary, wage or fee increase, increase any employee benefit or grant or pay any incentive or bonus payments, adopt or enter into any collective bargaining agreement or any other similar agreement with any labor organization, group or association, accelerate any rights or benefits under any BMB benefit plan (including accelerating the vesting of BMB option awards) or hire or terminate (other than for cause) any employee or other service provider with annual base salary, anticipated service fees or wages that is reasonably anticipated to exceed \$100,000, except (i) normal increases in base salary to non-officer employees in the ordinary course of business consistent with past practice and pursuant to policies currently in effect, (ii) as may be required by law, and (iii) to satisfy contractual obligations under the terms of BMB benefit plans as of the date of the merger agreement;

except as disclosed to Eagle engage in certain transactions (other than compensation, business expense advancements, reimbursements in the ordinary course of business or as part of the terms of employment or service as a director and other than deposits held by The State Bank of Townsend in the ordinary course of business consistent with past practice) with any director, officer or any of their immediate family members or any affiliates or associates of any of its officers or directors;

except in the ordinary course of business or as disclosed to Eagle, sell, license, lease, transfer, mortgage, pledge, encumber or otherwise dispose of or discontinue any of its rights, assets, deposits, business or properties or cancel or release any indebtedness owed;

acquire all or any portion of the assets, debt, business, deposits or properties of any other entity or person with a value or purchase price in the aggregate in excess of \$50,000;

except in the ordinary course of business or as disclosed to Eagle, make any capital expenditures exceeding \$50,000 individually, or \$100,000 in the aggregate;

amend or propose to amend its organizational documents or any resolution or agreement concerning indemnification of its directors or officers;

revalue any of its or its subsidiaries' assets or implement or adopt any change in its accounting principles, practices or methods, other than as may be required by GAAP or applicable regulatory accounting requirements;

enter into, amend, modify, terminate, extend or waive any material provision of any material contract, lease or insurance policy or make any change in any instrument or agreement governing the terms of any of its securities or enter into any material contract;

enter into any material new line of business, introduce any material new products or services, any material marketing campaigns or any material new sales compensation or incentive programs or arrangements;

change in any material respect its lending, investment, underwriting, risk and asset liability management and other banking and operating policies, except as required by applicable law, regulation or policies imposed by any governmental authority;

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make any material changes in its policies and practices with respect to underwriting, pricing, originating, acquiring, selling, servicing, or buying or selling rights to service loans, its hedging practices and policies;

make any changes in the mix, rates, terms or maturities of The State Bank of Townsend's deposits or other liabilities, except in a manner and pursuant to policies in the ordinary course of business and competitive factors in the market place;

open any new branch or deposit taking facility or close, relocate or materially renovate any existing branch or facility;

other than purchases of investment securities in the ordinary course of business, restructure or change its investment securities portfolio or its gap position, through purchases, sales or otherwise, or the manner in which the portfolio is classified or reported;

incur, modify, extend or renegotiate any indebtedness of BMB or The State Bank of Townsend or assume, guarantee, endorse or otherwise become responsible for the obligations of any other person (other than creation of deposit liabilities, purchases of federal funds, FHLB borrowings and sales of certificates of deposits in the ordinary course of business);

cancel, release or assign any indebtedness of any person or any claims against any person except pursuant to contracts currently in force and disclosed to Eagle or in the ordinary course of business, or waive any right of substantial value or discharge or satisfy any material noncurrent liability;

commit any act or omission which constitutes a breach or default by BMB or any of its subsidiaries under any agreement with any governmental authority or under any material contract or that could reasonably be expected to result in one of the conditions to the merger not being satisfied on the closing date;

take any action or knowingly fail to take any action not contemplated by the merger agreement that is intended or is reasonably likely to (i) result in any of the conditions to the merger not being satisfied, except as may be required by applicable law, (ii) prevent, delay or impair BMB's ability to consummate the merger or the transactions contemplated by the merger agreement, or (iii) prevent the merger or bank merger from qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

merge or consolidate BMB or any of its subsidiaries with any other person;

restructure, reorganize or completely or partially liquidate or dissolve BMB or any of its subsidiaries;



make any investment in any other person (either by purchase of stock or securities, contributions to capital, property transfers, or purchases of any property or assets), other than in the ordinary course of business;

transfer, agree to transfer or grant, or agree to grant a license to, any of its material intellectual property;

commence, settle or agree to settle any litigation claims, actions or proceedings, except in the ordinary course of business that (i) involves only the payment of money damages not in excess of \$50,000 individually or \$200,000 in the aggregate, (ii) does not involve the imposition of any equitable relief on, or the admission of wrongdoing by, BMB or its applicable subsidiary and (iii) would not create precedent for claims that are reasonably likely to be material to BMB or any of its subsidiaries, or, after the closing, Eagle or any of its subsidiaries;

file or amend any tax return;

settle or compromise any tax liability claims or assessment;

make, change or revoke any material tax election or change any method of tax accounting;

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enter into any “closing agreement” as described in Section 7121 of the Internal Revenue Code (or any similar provision or state, local or foreign law);

surrender any claim for a refund of taxes;

consent to any extension or waiver of the limitations period applicable to any claim or assessment with respect to taxes;

change its fiscal or tax year;

make any extension of credit that, when added to other extensions of credit to a borrower and its affiliates, would exceed its applicable regulatory limits;

make any loans, or enter into any commitments to make loans, which vary other than in immaterial respects from its written loan policies (subject to certain exceptions and thresholds and provided that The State Bank of Townsend may extend or renew credit or loans in the ordinary course of business or in connection with the workout or renegotiation of current loans);

charge off (except as may otherwise be required by law or by regulatory authorities or by GAAP) or sell (except in the ordinary course of business) any of its portfolio of loans or sell any asset held as other real estate owned or other foreclosed assets for an amount less than its book value, except for the taking of any real estate by any governmental authority by eminent domain proceedings or litigation;

terminate or allow to be terminated any of the policies of insurance maintained on its business or property other than renewal of such policies on their present terms;

encumber any asset having a book value in excess of \$10,000 except in the ordinary course of business for reasonable and adequate consideration; or

agree to take, make any commitment to take, or adopt any resolutions of its board of directors in support of, any of the actions set forth above.

**Company Shareholder Approval**

BMB has agreed to take all action necessary to convene a special meeting of its shareholders as promptly as practicable after the Registration Statement on Form S-4 of which this proxy statement/prospectus is a part is declared

effective by the SEC to consider and vote upon the approval of the merger agreement and the transactions contemplated by the merger agreement, including the merger, and any other matters required to be approved by BMB's shareholders. BMB has further agreed to ensure that the shareholder meeting is called, noticed, convened, held and conducted in accordance with its articles of incorporation and bylaws and all other applicable legal requirements.

Unless BMB's board changes its recommendation to shareholders relating to the merger in accordance with the merger agreement, BMB has agreed to use its reasonable best efforts to obtain the required BMB shareholder approval to consummate the merger and the other transactions contemplated by the merger agreement. However, even if BMB's board changes its recommendation to shareholders relating to the merger in accordance with the merger agreement, BMB is obligated to convene the meeting and submit the merger agreement to the BMB shareholders for approval unless the merger agreement has been terminated in accordance with its terms.

### **Regulatory Matters**

This proxy statement/prospectus forms part of a Registration Statement on Form S-4 which Eagle has filed with the SEC. Each of Eagle and BMB has agreed to use reasonable best efforts to cause the Registration Statement to be declared effective by the SEC as promptly as reasonably practicable after filing.

Eagle also agrees to use commercially reasonable efforts to obtain any necessary state securities law or "blue sky" permits and approvals required to carry out the transactions contemplated by the merger agreement.

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Each of Eagle and BMB has agreed to use reasonable best efforts to prepare all documentation, to effect all filings and to obtain all permits, consents, approvals and authorizations of all third parties and governmental authorities necessary to consummate the transactions contemplated by the merger agreement, and each of Eagle and BMB has agreed to comply with the terms and conditions of such permits, consents, approvals and authorizations and to cause the transactions contemplated by the merger agreement to be consummated as expeditiously as practicable.

Additionally, each of Eagle and BMB has agreed to furnish information to the other party, and each party has the right to review and approve in advance all characterizations of the information relating to such party that appear in any filing made in connection with the transactions contemplated by the merger agreement. Each party has agreed to promptly notify and apprise the other party of the substance of any communication from any governmental authority received by such party with respect to the regulatory applications filed solely in connection with the transactions contemplated by the merger agreement.

In connection with seeking regulatory approval for the merger, Eagle is not required to take any action or agree to any condition or restriction that would reasonably be likely to have a material and adverse effect on Eagle and its subsidiaries, taken as a whole and after giving effect to the merger, measured on a scale relative to BMB and its subsidiaries taken as a whole.

## **Nasdaq Listing**

Eagle has agreed to use commercially reasonable efforts to cause the shares of Eagle common stock to be issued to the holders of BMB common stock in the merger to be approved for listing on the Nasdaq Global Market, subject to official notice of issuance, prior to the effective time of the merger.

## **Employee Matters**

Under the merger agreement, BMB agreed, upon Eagle's reasonable request, to facilitate discussions between Eagle and BMB employees regarding arrangements to be effective prior to or following the effective time of the merger and, if directed by Eagle, take all actions required to fully fund, terminate or merge any benefit plan of BMB. Following the closing, if Eagle terminates a BMB benefit plan and there is a comparable Eagle benefit plan, BMB employees who continue to be employed with Eagle and its affiliates after closing will be entitled to participate in such Eagle benefit plans to the same extent as similarly-situated employees of Eagle or Opportunity Bank, except for closed or frozen benefit plans. To the extent allowable under Eagle benefit plans, continuing BMB employees will be given credit for prior service or employment with BMB for all purposes, except to the extent that it would result in duplication of benefits. For continuing BMB employees who participate in Eagle benefit plans, Eagle will use commercially reasonable efforts to waive certain pre-existing condition limitations and waiting periods or evidence of

insurability requirements and, to the extent allowed by the applicable insurance company, provide credit for deductibles from the same year and analogous BMB benefit plans.

Under the merger agreement, Eagle agreed to provide each full-time employee of BMB, other than an employee who is a party to an employment agreement, change in control agreement or other separation agreement that provides a benefit on a termination of employment, who is terminated by Eagle or its subsidiaries (other than for cause) within six months following the effective time with a lump sum severance payment in a specified amount based upon length of service, subject to such employee entering into a release of claims in a form satisfactory to Eagle.

### **Indemnification and Directors' and Officers' Insurance**

For a period of six years from and after the effective time of the merger, Eagle has agreed to indemnify and hold harmless the present and former directors and officers of BMB and The State Bank of Townsend against all costs or expenses (including reasonable attorney's fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any threatened or actual claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative arising out of actions or omissions of such persons in the course of performing their duties for BMB or The State Bank of Townsend or any of their respective subsidiaries occurring at or before the effective time of the merger, to the fullest extent as such persons are indemnified or have the right to advancement of expenses pursuant to the organizational documents of BMB or its subsidiaries and the MBCA.

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For a period of six years after the effective time of the merger, Eagle will provide directors' and officers' liability insurance that serves to reimburse the present and former officers and directors of BMB or its subsidiaries with respect to claims against them arising from acts and omissions occurring before the effective time of the merger (including the transactions contemplated by the merger agreement). The directors' and officers' liability insurance will contain at least the same coverage and amounts, and contain terms and conditions no less advantageous to the indemnified persons as the coverage currently provided by BMB. In no event shall Eagle be required to expend for the tail insurance a premium in an aggregate amount in excess of 250% of the annual premiums paid by BMB for its directors' and officers' liability insurance in effect as of the date of the merger agreement.

## **Third Party Proposals**

BMB has agreed that it will not, and will cause its subsidiaries and their respective officers, directors, employees not to, and will not authorize any investment bankers, financial advisors, attorneys, accountants, consultants, affiliates or other agent to, directly or indirectly: (a) initiate, solicit, knowingly induce or encourage, or knowingly take any action to facilitate the making of, inquiries, offers or proposals which constitute, or could reasonably be expected to lead to an acquisition proposal, (b) participate in any discussions or negotiations regarding any acquisition proposal or furnish or otherwise afford access to any person any non-public information or data with respect to BMB or its subsidiaries in connection with any acquisition proposal, (c) release any person from, waive any provisions of, or fail to enforce any confidentiality agreement or standstill agreement to which BMB is a party, or (d) enter into any agreement, agreement in principle or letter of intent with respect to any acquisition proposal or approve or resolve to approve any acquisition proposal or any agreement, agreement in principle or letter of intent relating to any acquisition proposal. An "acquisition proposal" is defined as any inquiry, offer or proposal (other than an inquiry, offer or proposal from Eagle), whether or not in writing, contemplating, relating to, or that could reasonably be expected to lead to, an acquisition transaction. An "acquisition transaction" is defined as: (A) any transaction or series of transactions involving any merger, consolidation, recapitalization, share exchange, liquidation, dissolution or similar transaction involving BMB or The State Bank of Townsend that, in any such case, results in any person (or, in the case of a direct merger between such third party and BMB, The State Bank of Townsend or any other subsidiary of BMB, the shareholders of such third party) acquiring 15% or more of any class of equity of BMB or The State Bank of Townsend; (B) any transaction pursuant to which any third party or group acquires or would acquire (whether through sale, lease or other disposition), directly or indirectly, 15% or more of the consolidated assets of BMB or The State Bank of Townsend; (C) any issuance, sale or other disposition of (including by way of merger, consolidation, share exchange or any similar transaction) securities (or options, rights or warrants to purchase or securities convertible into, such securities) representing 15% or more of the votes attached to the outstanding securities of BMB or The State Bank of Townsend; (D) any tender offer or exchange offer that, if consummated, would result in any third party or group beneficially owning 15% or more of any class of equity securities of BMB or The State Bank of Townsend; or (E) any transaction which is similar in form, substance or purpose to any of the foregoing transactions, or any combination of the foregoing.

However, the merger agreement provides that at any time prior to the date of the shareholder meeting for BMB shareholders to vote on approval of the merger agreement, if BMB receives a bona fide unsolicited written acquisition proposal that does not violate the "no shop" provisions in the merger agreement and BMB's board of directors reasonably determines in good faith (after consultation with and having considered the advice of its outside legal

counsel and financial advisor) that such acquisition proposal constitutes or could reasonably be expected to lead to a superior proposal (as defined below) and the failure to take such actions would be inconsistent with its fiduciary duties under applicable law, then BMB may: (i) enter into a confidentiality agreement with the third party making the acquisition proposal with terms and conditions no less favorable to BMB than the confidentiality agreement entered into by BMB and Eagle prior to the execution of the merger agreement; (ii) furnish non-public information or data to the third party making the acquisition proposal pursuant to such confidentiality agreement (and provide to Eagle any information not previously provided to Eagle); and (iii) participate in such negotiations or discussions with the third party making the acquisition proposal regarding such proposal. BMB must promptly advise Eagle in writing within 24 hours following receipt of any proposal or offer, or of any request for information, or request for any negotiations or discussions, each in connection with any acquisition proposal. BMB must furnish a copy of, or a description of the material terms and conditions of such proposal or offer and must keep Eagle informed on a reasonably current basis of the status of any proposal, offer, information request, negotiations or discussions.

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**BMB Board Recommendation**

The merger agreement generally prohibits BMB's board of directors from making a company subsequent determination (*i.e.*, from (i) withholding, withdrawing, changing, modifying, amending or qualifying, or publicly proposing to withdraw, change, qualify, amend or modify, in a manner adverse to Eagle the recommendation that the BMB shareholders vote to approve the merger agreement and the transactions contemplated thereby, or taking any other action or making any other public statement inconsistent with such recommendation, failing to reaffirm such recommendation within five business days following a request by Eagle, or making any public statement, filing or release inconsistent with such recommendation, (ii) approving, recommending, or endorsing (or publicly proposing to approve, recommend or endorse), any acquisition proposal, (iii) submitting the merger agreement to BMB's shareholders for approval without recommendation or (iv) resolving to take, or publicly announcing an intention to take, any of the foregoing actions). In addition, BMB's board of directors and any committee of the board of directors may not approve or recommend or propose to approve or recommend any acquisition proposal or enter into any letter of intent, agreement in principle, acquisition agreement or other agreement related to any acquisition transaction or requiring BMB to abandon, terminate or fail to consummate the merger or any other transaction contemplated by the merger agreement. However, prior to the date of the shareholder meeting for BMB shareholders to vote on the approval of the merger agreement, the BMB board of directors may effect a company subsequent determination if the BMB board has determined reasonably and in good faith, after consultation with and considering the advice of its outside legal counsel and its financial advisor, that a bona fide unsolicited written acquisition proposal that it received after the date of the merger agreement (that did not result from a breach of its "no-shop" covenants under the merger agreement) constitutes a superior proposal if, but only if, the BMB board determined reasonably and in good faith after consultation with and having considered the advice of its outside legal counsel and its financial advisor, that because of the existence of such superior proposal, the failure to take such actions would be inconsistent with its fiduciary duties under applicable law.

The board of directors of BMB may not make a company subsequent determination without providing Eagle with at least five business days' prior written notice of its intention to take such action and with a reasonably detailed description of the acquisition proposal giving rise to its determination to take such action, and without cooperating and negotiating in good faith with Eagle during such five business day notice period (to the extent Eagle seeks to negotiate) and taking into account in good faith, at the end of such notice period, any adjustment, amendment or modification of the merger agreement proposed by Eagle and determining reasonably and in good faith, after consultation with and considering the advice of its outside legal counsel and its financial advisor, that such acquisition proposal continues to constitute a superior proposal and that because of the existence of such superior proposal, the failure to take such actions would be inconsistent with its fiduciary duties under applicable law. Any material amendment to any acquisition proposal will require a new notice period as referred to above, except that such notice period shall be three business days.

A "superior proposal" means a bona fide, unsolicited written acquisition proposal (i) that if consummated would result in a third party (or, in the case of a direct merger between such third party and BMB, The State Bank of Townsend or any other subsidiary of BMB, the shareholders of such third party) acquiring, directly or indirectly, more than 50% of the outstanding shares of BMB common stock or more than 50% of the assets of BMB and its subsidiaries, taken as a whole, for consideration consisting of cash and/or securities and (ii) that the BMB board of directors reasonably



determines in good faith, after consultation with its outside financial advisor and outside legal counsel, (A) is reasonably capable of being completed, taking into account all financial, legal, regulatory and other aspects of such proposal, including all conditions contained therein and the person making such acquisition proposal, and (B) taking into account any changes to the merger agreement proposed by Eagle in response to such acquisition proposal, as contemplated by the merger agreement, and all financial, legal, regulatory and other aspects of such acquisition proposal, including all conditions contained therein and the person making such proposal, is more favorable to the shareholders of BMB from a financial point of view than the merger and the other transactions contemplated by the merger agreement.

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If the BMB board of directors makes a company subsequent determination or if BMB terminates the merger agreement to enter into an agreement with respect to a superior proposal, BMB could be required to pay Eagle a break-up fee of \$750,000 in cash. See “*The Merger Agreement – Termination*,” beginning on page 59 of this proxy statement/prospectus and “*The Merger Agreement – Break-Up Fee*” beginning on page 60 of this proxy statement/prospectus.

**Representations and Warranties**

The merger agreement contains generally customary representations and warranties of BMB and Eagle relating to their respective businesses. The representations and warranties of each of BMB and Eagle have been made solely for the benefit of the other party, and these representations and warranties should not be relied on by any other person. In addition, these representations and warranties:

have been qualified by information set forth in confidential disclosure schedules in connection with signing the merger agreement – the information contained in these schedules modifies, qualifies and creates exceptions to the representations and warranties in the merger agreement;

will not survive consummation of the merger;

may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties to the merger agreement if those statements turn out to be inaccurate;

are in some cases subject to a materiality standard described in the merger agreement which may differ from what may be viewed as material by you; and

were made only as of the date of the merger agreement or such other date as is specified in the merger agreement.

The representations and warranties made by BMB and Eagle to each other primarily relate to:

corporate organization, standing, and authority;

capitalization;

corporate power to carry on its business as it is currently conducted;

corporate authorization to enter into the merger agreement and to consummate the merger;

absence of any breach of organizational documents, violation of law or breach of agreements as a result of the merger;

regulatory approvals required in connection with the merger;

reports filed with governmental entities, including, in the case of Eagle, the SEC;

financial statements;

compliance with laws and the absence of regulatory agreements;

absence of a material adverse effect on BMB since March 31, 2018, or on Eagle since December 31, 2017;

fees paid to financial advisors;

regulatory capitalization;

litigation; and

Community Reinvestment Act compliance.

BMB has also made representations and warranties to Eagle with respect to:

ownership of subsidiaries;

tax matters;

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the inapplicability to the merger of state takeover laws;

employee benefit plans and labor matters;

material contracts;

environmental matters;

intellectual property;

real and personal property;

loan matters;

adequacy of allowances for loan and lease losses;

administration of fiduciary accounts;

investment management and related activities;

repurchase agreements;

deposit insurance;

maintenance of insurance policies;

contingency planning;

liquidity of investment portfolio;

privacy of customer information;

anti-money laundering laws, questionable payments and OFAC;

transactions with affiliates;

fairness opinion;

accuracy of books and records; and

accuracy of the information contained in the representations and warranties.

Eagle has also made a representation and warranty to BMB with respect to the legality of Eagle common stock to be issued in connection with the merger.

Certain of the representations and warranties of BMB and Eagle are qualified as to “materiality” or “material adverse effect.” For purposes of the merger agreement, the term “material adverse effect” means, with respect to any party, (i) any change, development or effect that individually or in the aggregate is material and adverse to the condition (financial or otherwise), results of operations, liquidity, assets or liabilities, properties, or business of such party and its subsidiaries, taken as a whole, or (ii) any change, development or effect that individually or in the aggregate would materially impair the ability of such party to perform its obligations under the merger agreement or otherwise materially impairs the ability of such party to timely consummate the merger, the bank merger or the transactions contemplated by the merger agreement; *provided, however*, that, in the case of clause (i) only, the following shall not constitute a “material adverse effect”, nor shall the occurrence, impact or results of such events be taken into account in determining whether there has been or will be a “material adverse effect”: (A) changes after the date of the merger agreement in laws of general applicability to companies in the industry in which the applicable party or its subsidiaries operate or interpretations thereof by governmental authorities (except to the extent that such change disproportionately adversely affects BMB and its subsidiaries or Eagle and its subsidiaries, as the case may be, compared to other companies of similar size operating in the same industry in which BMB and Eagle operate), (B) changes after the date of the merger agreement in GAAP, or regulatory accounting requirements applicable to banks or bank holding companies generally, or interpretations thereof (except to the extent that such change disproportionately adversely affects BMB and its subsidiaries or Eagle and its subsidiaries, as the case may be, compared to other companies of similar size operating in the same industry in which BMB and Eagle operate), (C) changes after the date of the merger agreement in global or national political or economic or capital or credit market conditions generally, including, but not limited to, changes in levels of interest rates (except to the extent that such change disproportionately adversely affects BMB and its subsidiaries or Eagle and its subsidiaries, as the case may be, compared to other companies of similar size operating in the same industry in which BMB and Eagle operate), (D) solely in the case of whether a material adverse effect has or may occur with respect to Eagle, changes after the date of the merger agreement resulting from any failure to meet internal projections or forecasts or estimates of revenues or earnings for any period (it being understood that the circumstances giving rise thereto that are not otherwise excluded from the definition of material adverse effect may be considered in determining whether a material adverse effect exists), (E) solely in the case of whether a material adverse effect has or may occur with respect to Eagle, any change in the trading price or trading volume of Eagle common stock on the Nasdaq Global Market (it being understood that the circumstances giving rise thereto that are not otherwise excluded from the definition of material adverse effect may be considered in determining whether a material adverse effect exists), and (F) the impact of the merger agreement and the transactions contemplated by the merger agreement, including the public announcement thereof on relationships with customers or

employees (including the loss of personnel subsequent to the date of the merger agreement).

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**Conditions to Completion of the Merger**

*Mutual Closing Conditions.* The obligations of Eagle and BMB to complete the merger are subject to the satisfaction of the following conditions:

the approval of the merger agreement and the transactions contemplated thereby by BMB shareholders;

all regulatory approvals required to consummate the merger and the bank merger shall have been obtained and remain in full force and effect, and all statutory waiting periods shall have expired or been terminated, and such regulatory approvals shall not impose any term, condition or restriction on Eagle or any of its subsidiaries that Eagle reasonably determines is a burdensome condition;

the absence of any judgment, order, injunction or decree issued by any governmental authority or other legal restraint or prohibition preventing or making illegal the consummation of the merger or the bank merger;

the effectiveness of the Registration Statement on Form S-4, of which this proxy statement/prospectus is a part, under the Securities Act, and no stop order suspending such effectiveness having been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC;

the receipt by each of Eagle and BMB of an opinion of its counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

the authorization for listing on the Nasdaq Global Market of the shares of Eagle common stock to be issued in the merger;

the accuracy of the other party's representations and warranties in the merger agreement on the date of the merger agreement and as of the closing date of the merger (or such other date specified in the merger agreement) other than, in most cases, inaccuracies that would not be material;

the performance in all material respects by the other party of its respective obligations under the merger agreement; and

the absence of any event which has had or is reasonably expected to have or result in a material adverse effect on the other party.

*Additional Closing Conditions for the Benefit of Eagle.* In addition to the mutual closing conditions, Eagle's obligation to complete the merger is subject to the satisfaction or waiver of the following conditions:

the plan of bank merger shall have been executed and delivered by The State Bank of Townsend;

the restrictive covenant agreement between Benjamin G. Ruddy and Eagle is in full force and effect;



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the BMB board of directors shall not have, prior to approval of the merger agreement by the BMB shareholders (i) withheld, withdrawn or modified (or publicly proposed to do any of the foregoing), in a manner adverse to Eagle, its recommendation that BMB shareholders approve the merger agreement, (ii) approved or recommended (or publicly proposed to approve or recommend) any acquisition proposal, or (iii) allowed BMB or any BMB representative to enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other agreement relating to an acquisition proposal;

the receipt of all consents, approvals, authorizations, clearances, exemptions, waivers, or similar affirmations required as a result of the transactions contemplated by the merger agreement pursuant to BMB's material contracts;

the receipt of all claims letters and restrictive covenant agreements from BMB and The State Bank of Townsend's directors and executive officers;

the completion of an audit of the consolidated financial statements of BMB for the fiscal year ended December 31, 2017 with an unqualified opinion from its independent public accounting firm;

dissenting shares shall not represent more than ten percent of the outstanding shares of BMB common stock;

BMB's adjusted tangible stockholders' equity as of the last day of the month prior to the month in which the effective time of the merger is expected to occur shall be an amount not less than \$13.3 million; and

BMB and The State Bank of Townsend shall have recorded a liability reserve for the FRCS litigation, in accordance with GAAP.

**Termination**

The merger agreement may be terminated at any time prior to the effective time of the merger, as follows:

by the mutual consent of the boards of directors of Eagle and BMB; or

by Eagle or BMB in the event of the breach of any representation, warranty, covenant or agreement by the other party that would prevent any closing condition from being satisfied and such breach cannot be or has not been cured within 30 days of written notice of such breach (provided that the right to cure may not extend beyond two business days prior to the "expiration date" described below); or

by Eagle or BMB if approval of the merger agreement by the shareholders of BMB is not obtained at a meeting at which a vote was taken; or

by Eagle or BMB if any court or other governmental authority issues a final and non-appealable order permanently prohibiting the merger or the bank merger; or

by Eagle or BMB if the merger is not consummated by 5:00 p.m., Mountain time, on the expiration date of May 21, 2019; *provided*, that neither party has the right to terminate the merger agreement if such party was in breach of its obligations under the merger agreement and such breach was the cause of the failure of the merger to be consummated by such date, and *provided further* that, if on the expiration date all conditions to the merger have been satisfied or waived or are capable of being satisfied by the closing other than the condition relating to the receipt of required regulatory approvals, then either party has the right to extend the expiration date by an additional three month period; or

by the boards of directors of either Eagle or BMB if any governmental authority has denied any required regulatory approval or requested any application for regulatory approval be permanently withdrawn; or

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by Eagle prior to the receipt of approval of the merger from BMB shareholders in the event that (i) the BMB board of directors or any committee thereof makes a company subsequent determination (see “*The Merger Agreement—BMB Board Recommendation*” beginning on page 55 of this proxy statement/prospectus), (ii) the BMB board of directors has materially breached its obligations under the merger agreement with respect to third party acquisition proposals or by failing to call, give notice of, convene and hold the special meeting, or (iii) the BMB board of directors has agreed to an acquisition proposal; or

by the board of directors of Eagle upon a good faith determination that there has been a material adverse change in the FRCS litigation or that the amount of escrow funds is insufficient to cover costs and liabilities associated with the FRCS litigation;

by BMB in the event that (i) the average volume weighted average price of Eagle’s common stock for the 20 trading days ending on the trading day immediately prior to the later of (x) the date on which the last required regulatory consent is obtained or (y) the date on which BMB shareholder approval of the merger agreement is obtained, is less than \$16.21 per share, (ii) Eagle’s common stock underperforms a peer group index (the Nasdaq Bank Index) by more than 15%, and (iii) Eagle does not elect to increase the per share stock consideration by a formula-based amount outlined in the merger agreement *provided, however*, that Eagle is not required to issue more than an aggregate of 19.9% of its outstanding shares of common stock as of the effective time of the merger; or

by Eagle in the event that (i) the average volume weighted average price of Eagle’s common stock for the 20 trading days ending on the trading day immediately prior to the later of (x) the date on which the last required regulatory consent is obtained or (y) the date on which BMB shareholder approval of the merger agreement is obtained, is greater than \$21.93 per share, (ii) Eagle’s common stock outperforms a peer group index (the Nasdaq Bank Index) by more than 15%, and (iii) Eagle does not elect to decrease the per share stock consideration by a formula-based amount outlined in the merger agreement, *provided, however*, that Eagle may not adjust the per share stock consideration in a manner that would result in the aggregate shares of Eagle common stock to be issued in the merger being less than 939,164 shares.

## **Termination Fees**

BMB will pay Eagle a termination fee of \$100,000 if Eagle terminates the merger agreement based on a BMB breach of its representations or breach of its covenants. Eagle will pay BMB a termination fee of \$100,000 if BMB terminates the merger agreement based on an Eagle breach of its representations or breach of its covenants.

## **Break-up Fee**

BMB will owe Eagle a \$750,000 break-up fee if:

Eagle terminates the merger agreement as a result of a material breach of the “no-shop” provisions of the merger agreement by BMB; or

Eagle terminates the merger agreement as a result of the BMB board of directors or any committee thereof making a company subsequent determination (for more detail on company subsequent determinations, see “*The Merger Agreement – BMB Board Recommendation*” beginning on page 55 of this proxy statement/prospectus); or

Eagle terminates the merger agreement as a result of BMB materially breaching and not curing its obligations under the merger agreement by failing to call, give notice of, convene and hold the special meeting; or

Eagle terminates the merger agreement as a result of the BMB board of directors or any committee thereof agreeing to an acquisition proposal; or

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after the date of the merger agreement and prior to the termination of the merger agreement, an acquisition proposal is made known to the board or senior management of BMB or has been made directly to BMB shareholders generally or a public announcement of an acquisition proposal has been made and not withdrawn and (i) thereafter the merger agreement is terminated by (A) either Eagle or BMB because the BMB shareholders have not approved the merger agreement or the merger is not consummated by the expiration date described above or (B) by Eagle because of a material breach by BMB of any covenant set forth in the merger agreement that is not cured in accordance with the merger agreement; and (ii) BMB enters into any agreement to consummate or consummates an acquisition transaction (*provided*, that for purposes of this provision, the definition of acquisition transaction is revised to replace “15%” with “50%”) within 12 months of such termination.

The payment of the break-up fee will fully discharge BMB from any losses that may be suffered by Eagle arising out of the termination of the merger agreement.

## **Amendment; Waiver**

Prior to the effective time of the merger and to the extent permitted by applicable law, any provision of the merger agreement may be (a) waived, or the time for compliance with such provision may be extended, by the party benefited by the provision, provided such waiver is in writing and signed by such party, or (b) amended or modified at any time, by an agreement in writing among the parties hereto executed in the same manner as the merger agreement, except that after the required shareholder approval has been obtained, no amendment shall be made which by law requires further approval by the shareholders of BMB without obtaining such approval. The failure of any party at any time or times to require performance of any provision of the merger agreement shall in no manner affect the right of such party at a later time to enforce the same or any other provision of the merger agreement. No waiver of any condition or of the breach of any term contained in the merger agreement in one or more instances shall be deemed to be or construed as a further or continuing waiver of such condition or breach or waiver of any other condition or of the breach of any other term of the merger agreement.

## **Expenses**

Regardless of whether the merger is completed, all expenses incurred in connection with the merger, the bank merger, the merger agreement and other transactions contemplated thereby will be paid by the party incurring the expenses, except that Eagle will pay the expenses of Moss Adams in connection with the audit of BMB’s financial statements for the fiscal year ended December 31, 2017.

Table of Contents**COMPARISON OF SHAREHOLDERS' RIGHTS**

Eagle and BMB are incorporated under the laws of the State of Delaware and the State of Montana, respectively, and, accordingly, the rights of their shareholders are governed by such laws and their respective certificate and articles of incorporation and bylaws. After the merger, the rights of former shareholders of BMB who receive shares of Eagle common stock in the merger will be determined by reference to Eagle's certificate of incorporation and bylaws and Delaware law. Set forth below is a description of the material differences between the rights of BMB shareholders and Eagle shareholders.

	<b>BMB</b>	<b>EAGLE</b>
<b>Capital Stock</b>	<p>Holders of BMB capital stock are entitled to all the rights and obligations provided to capital shareholders under the MBCA and BMB's articles of incorporation and bylaws.</p>	<p>Holders of Eagle capital stock are entitled to all the rights and obligations provided to capital shareholders under the DGCL and Eagle's certificate of incorporation and bylaws.</p>
<b>Authorized</b>	<p>BMB's authorized capital stock consists of 100,000 shares of common stock, par value \$1.00 per share.</p>	<p>Eagle's authorized capital stock consists of 8,000,000 shares of common stock, par value \$0.01 per share, and 1,000,000 shares of preferred stock, par value \$0.01 per share.</p>
<b>Outstanding</b>	<p>As of November 7, 2018 there were 48,616 shares of BMB common stock outstanding.</p>	<p>As of November 7, 2018, there were 5,477,652 shares of Eagle common stock outstanding and no shares of Eagle preferred stock outstanding.</p>
<b>Voting Rights</b>	<p>Holders of BMB common stock generally are entitled to one vote for each share having voting power registered on the books of the corporation.</p>	<p>Holders of Eagle common stock have voting rights are entitled to one vote per share on all matters on which shareholders are generally entitled to vote.</p>
<b>Cumulative Voting</b>	<p>Shareholders have the right of cumulative voting in the election of directors.</p>	<p>Shareholders do not have the right of cumulative voting in the election of directors.</p>
<b>Stock Transfer Restrictions</b>	<p>None.</p>	<p>None.</p>
<b>Dividends</b>	<p>BMB's bylaws permit the board to declare dividends from paid-in surplus, earned surplus or from net earnings for the current or preceding fiscal year of the corporation at such times and in such amounts as the board deems advisable.</p>	<p>Eagle's bylaws permit the board to declare and pay dividends upon shares of, and authorize repurchase programs for, stock, but only out of funds available for the payment of dividends or repurchase of shares as provided by law.</p>

Under the MBCA, a corporation may make a distribution, unless after giving effect to the distribution:

Under the DGCL, a corporation may make a distribution, unless after giving effect to the distribution:

The corporation would not be able to pay its debts as they come due in the usual course of business; or

The capital of the corporation shall have been diminished by depreciation in the value of its property, or by losses, or otherwise, to an amount less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets.

The corporation's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.

In addition, under Federal Reserve policy adopted in 2009, a bank holding company should consult with the Federal Reserve and eliminate, defer or significantly reduce its dividends if:

In addition, under Federal Reserve policy adopted in 2009, a bank holding company should consult with the Federal Reserve and eliminate, defer or significantly reduce its dividends if:

its net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends; its prospective rate of earnings retention is not consistent with its capital needs and overall current and prospective financial condition; or it will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios.

its net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends; its prospective rate of earnings retention is not consistent with its capital needs and overall current and prospective financial condition; or it will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios.

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**BMB**

BMB's bylaws provide that the number of directors serving on BMB's board of directors will be six (6) members, subject to increase and decrease by the board. Additional board members may be elected by the existing Board members, but any decrease in the number of directors requires shareholder approval.

**Number of Directors**

There are currently ten (10) directors serving on the BMB board of directors.

Each director holds office upon election and until his or her successor is elected and qualified.

**Election of Directors**

BMB's bylaws provide that directors shall be elected annually by the shareholders at the annual meeting. Each shareholder has the right to vote, in person or by proxy, the number of shares owned by him or her. Shareholders may cumulate votes in the election of directors.

**Removal of Directors**

BMB's bylaws provide that the entire board of directors may be removed, with or without cause, by a vote of shareholders holding two-thirds of the shares entitled to vote for directors. If less than the entire board is to be removed, no one of the directors may be removed if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the entire board of directors or, if there be classes of directors, at an election of the class of directors of which he is a part. In the event that the entire board or any one or more directors be so removed, new

**EAGLE**

Eagle's bylaws provide that the number of directors serving on Eagle's board of directors will be such number as determined from time to time under direction of the board, subject to any right of the holder of any series of preferred stock then outstanding to election additional directors under specified circumstances, but in no event will be fewer than five (5) directors nor greater than fifteen (15) directors.

There are currently nine (9) directors serving on the Eagle board of directors divided into three classes.

Each director holds office upon election and until the third succeeding annual meeting of shareholders after their election.

The Eagle board of directors is divided into three classes, with the members of each class of directors serving staggered three-year terms and with approximately one-third of the directors being elected annually. As a result, it would take a dissident shareholder or shareholder group at least two annual meetings of shareholders to replace a majority of the directors of Eagle. Each director holds office for the term for which he or she is elected and until the third succeeding annual meeting of shareholders after their election, subject to such directors' death, resignation, retirement, disqualification, removal from office or other cause.

The DGCL provides that any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, except in certain circumstances. Whenever the holders of any class or series are entitled to elect one or more directors, the DGCL provides that the preceding sentence shall apply in respect to the removal without cause of a director or directors to the vote of the holders of the outstanding shares of that class or series and not the vote of the outstanding shares as a whole.



directors may be elected at the same meeting.

However, Eagle's certificate of incorporation and bylaws provide that directors may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least 80% of the voting power of all of the shares entitled to vote generally in the election of directors, voting together as a single class.

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<b>Vacancies on the Board of Directors</b>	<p><b>BMB</b></p> <p>BMB’s bylaws provide that vacancies in the BMB board of directors occurring for any death, resignation or increase in the number of directors shall be filled for the unexpired term by the vote of a majority of the remaining directors of the board. Each person so elected shall be a director until his successor is elected by the shareholders, who may make such election at their next annual meeting or at any meeting duly called for that purpose.</p>	<p><b>EAGLE</b></p> <p>Vacancies on the board resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled by a majority vote of the directors then in office, and directors so chosen shall hold office for a term expiring at the annual meeting at which the term of the class to which they have been elected expires. No decrease in the number of directors constituting the board of directors shall shorten the term of any incumbent director.</p>
	<p>BMB’s bylaws provide that any action which may be taken at any meeting of the shareholders, directors or board committee of BMB, may be taken without a meeting, if such action is done in accordance with Montana law.</p>	<p>Under the DGCL, unless otherwise provided in the certificate of incorporation, any action required to be taken at an annual or special meeting of the shareholders of a corporation, or any action which may be taken at an annual or special meeting of such shareholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation.</p>
<b>Action by Written Consent</b>	<p>Under the MBCA, action may be taken by shareholders without a meeting if all shareholder entitled to vote on the action sign a written consent describing the action taken.</p>	<p>Eagle’s certificate of incorporation provides that no action may be taken by shareholders by written consent.</p>
	<b>Advance Notice Requirements for Shareholder Nominations and Other Proposals</b>	<p>None.</p>

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**BMB EAGLE**

For director nominations, the shareholder's notice to the secretary is required to set forth: (i) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation that the shareholder is a holder of record of Eagle stock entitled to vote at such meeting and intends to appear in person or by proxy at the meeting and nominate the person or persons specified in the notice; (iii) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock) has been made, the effect or intent of which is to mitigate loss to or manage risk of stock price changes for, or to increase the voting power of, such shareholder or any of its affiliates with respect to any share of Eagle stock; (iv) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (v) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had the nominee been nominated, or intended to be nominated, by the board; and (vi) the consent of each nominee to serve as a director if so elected. In addition, the shareholder making such nomination is required to promptly provide any other information reasonably requested by Eagle.

For business proposals other than nominations, the shareholder's notice to the secretary is required to set forth: (1) as to each matter the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (2) the name and address, as they appear on Eagle's books, of the shareholder proposing such business, (3) the class and number of Eagle shares that are beneficially owned by the shareholder, (4) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock) has been made, the effect or intent of which is to mitigate loss to or manage risk of stock price changes for, or to increase the voting power of, such shareholder or any of its affiliates with respect to any share of Eagle stock, and (5) as to each matter the shareholder proposes to bring before the meeting, any material interest of the shareholder in such business. In addition, the shareholder making such proposal is required to promptly provide any other information reasonably requested by Eagle.

To be timely, a shareholder's notice must be delivered to the secretary of Eagle not later than 60 days in advance of the first anniversary of the previous year's annual meeting if such meeting is to be held on a day which is within 30 days of the anniversary of the previous year's annual meeting; and with respect to any other annual meeting of shareholders, not later than the close of business on the seventh day following the date of public announcement of such meeting.

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**BMB EAGLE**

**Notice of Shareholder Meeting**

BMB’s bylaws provide that notice of each annual meeting and each special meeting shall be mailed not less than ten (10) days nor more than fifty (50) days prior to such meeting. Notice for a meeting at which there is to be considered either (i) an agreement of merger or consolidation, or (ii) a proposal to dispose of all or substantially all of the property and assets of BMB shall be mailed to all shareholders, whether entitled to vote or not, at least 30 days prior to the date of such meeting.

Eagle’s bylaws provide that written notice of the time and place of every meeting of shareholders and, in the case of a special meeting, the business to be acted on at such meeting shall be given at least 60 days of the first anniversary of the previous year’s annual meeting if such meeting is to be held on a day which is within 30 days of the anniversary of the previous year’s annual meeting, or with respect to any other annual meeting, not later than the close of business on the seventh day following the date of public announcement of such meeting.

BMB’s articles of incorporation may be amended in accordance with the MBCA.

The DGCL provides that an amendment to a corporation’s certificate of incorporation requires that (i) the board of directors adopt a resolution setting forth the proposed amendment and either call a special meeting of the shareholders entitled to vote in respect thereof for consideration of such amendment or direct that the amendment be considered at the next annual meeting of the shareholders and (ii) the shareholders approve the amendment by a majority of outstanding shares entitled to vote (and a majority of the outstanding shares of each class entitled to vote, if any).

Under the MBCA:

A corporation’s board of directors may propose one or more amendments to the articles of incorporation for submission to the shareholders.

**Amendments to Charter**

The board of directors shall recommend the amendment to the shareholders unless the board of directors determines that because of conflict of interest or other special circumstances it should make no recommendation and communicates the basis for its determination to the shareholders with the amendment, and the shareholders entitled to vote on the amendment shall approve the amendment by a majority of the votes entitled to be cast on the amendment by any voting group with respect to which the amendment would create dissenters’ rights.

Eagle’s certificate of incorporation follows similar amendment provisions, except that the affirmative vote of 80% of all votes entitled to be cast in the election of directors, voting as a single class, is required for Articles V (Business Combinations), VI (Board of Directors), VII (Stockholder Action), VIII (Bylaw Amendments), IX (Acquisition of Stock), X (Director Liability), XI (Amendments to Certification of Incorporation), or XIII (Indemnification).

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**BMB EAGLE**

The board of directors may condition its submission of the proposed amendment on any basis.

The corporation shall notify each shareholder, whether or not entitled to vote, of the proposed shareholders' meeting. The notice of meeting must also state that the purpose or one of the purposes of the meeting is to consider the proposed amendment and must contain or be accompanied by a copy or summary of the amendment.

The amendment to be adopted must be approved by a majority of the votes entitled to be cast on the amendment by any voting group with respect to which the amendment would create dissenters' rights; and

A corporation's board of directors may adopt one or more amendments to the corporation's articles of incorporation without shareholder action in certain discrete circumstances (for example, to extend the duration of the corporation if it was incorporated at a time when limited duration was required by law; to delete the names and addresses of the initial directors; to change each issued and unissued authorized share of an outstanding class into a greater number of whole shares if the corporation has only shares of that class outstanding; to change the corporate name in certain situations).

**Amendments to Bylaws** BMB's bylaws provide that such bylaws may be amended by a vote of the majority of the whole board of directors at any meeting, provided that notice of such proposed amendment shall have been included in the notice of such meeting given to the directors. The board of directors may not make or amend any bylaw fixing their qualification, classification, term of office or number, except that the board may make or alter any bylaw to increase its number.

Eagle's certificate of incorporation provides that the board shall have the power to make, alter, amend and repeal the bylaws, except that the affirmative vote of 80% of all votes entitled to be cast in the election of directors, voting as a single class, is required for Section 2 of Article II of the bylaws (special meetings) and Sections 1 through 6 of Article III of the bylaws (number of directors, terms of directors, resignation of directors and vacancies, removal of directors, newly created directorships and vacancies, and

place and manner or meeting).

The shareholders of BMB may amend or repeal any bylaw by a majority vote of the shareholders present or represented at any annual meeting or at any special meeting of shareholders called for such purpose.

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**BMB EAGLE**

<b>Special Meeting of Shareholders</b>	<p>BMB’s bylaws and Montana law provide that special meetings of the shareholders, for any purpose, may be called by the President, board of directors, or by one or more shareholders holding in the aggregate ten percent (10%) or more of the shares entitled to vote on the matters to be presented at such meeting.</p>	<p>Eagle’s bylaws provide that special meetings of the shareholders, for any purpose or purposes unless prescribed by statute, may be called by the Chairman, Chief Executive Officer, the President or by the board of directors, and shall be called by the Chief Executive Officer at the request of the holders of shares representing not less than 50% of all votes entitled to be cast by all shares of Eagle common stock outstanding.</p>
<b>Quorum</b>	<p>A majority of the shares entitled to vote at any annual or special meeting, represented in person or by proxy, constitutes a quorum. If a quorum is present, the shareholders may continue to transact business until adjournment notwithstanding the withdrawal of enough shareholders to leave less than a quorum.</p>	<p>Eagle’s bylaws provide that the holders of a majority of the shares of capital stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum. The shareholders present in person or by proxy at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding withdrawal of enough shareholders to leave less than a quorum.</p>
<b>Proxy</b>	<p>Under the MBCA, a proxy is valid for eleven months unless a longer period is expressly provided in the appointment form.</p>	<p>Eagle’s bylaws provide that a proxy is valid for three years from the date of its signing, unless the proxy provides for a longer period.</p>
<b>Preemptive Rights</b>	<p>Under the MBCA, shareholders do not have preemptive rights unless the corporation’s articles of incorporation provide otherwise. BMB’s articles of incorporation do not provide for preemptive rights.</p>	<p>Eagle’s shareholders do not have preemptive rights.</p>
<b>Shareholder Rights Plan/Shareholders’ Agreement</b>	<p>BMB does not have a rights plan. Neither BMB nor BMB shareholders are parties to a shareholders’ agreement with respect to BMB’s capital stock.</p>	<p>Eagle does not have a rights plan. Neither Eagle nor Eagle shareholders are parties to a shareholders’ agreement with respect to Eagle’s capital stock.</p>
<b>Indemnification of Directors and Officers</b>	<p>BMB’s bylaws provide that BMB shall indemnify its current and former directors, officers and employees of BMB, or any other enterprise at the request of BMB, and the heirs, executors and administrators of such persons to the full extent permitted by the MBCA.</p>	<p>Eagle’s bylaws provide that Eagle shall indemnify its current and former directors and officers serving at the request of Eagle, and may indemnify any employee and agent of Eagle, against liability incurred in connection with that employee made or threatened to be made a party in an action, suit or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he, his testator or intestate is or was a director or officer of Eagle.</p>

The MBCA allows a corporation to indemnify directors and officers against liability incurred in connection with a proceeding, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, BMB's best interests, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Unless limited by the articles of incorporation, the MBCA requires a corporation to indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because the individual is or was a director of the corporation, against reasonable expenses incurred by the director in connection with the proceeding.

Eagle's bylaws state that the intention of this bylaw is to provide indemnification with the broadest and most inclusive coverage permitted by law (a) at the time of the act or omission to be indemnified against, or (b) so permitted at the time of carrying out such indemnification, whichever of (a) or (b) may be broader or more inclusive and permitted by law to be applicable. If the indemnification permitted by law at this present time, or at any future time, shall be broader or more inclusive than the provisions of this Bylaw, then indemnification shall nevertheless extend to the broadest and most inclusive permitted by law at any time and this Bylaw shall be deemed to have been amended accordingly.



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**BMB EAGLE**

Under the DGCL, a corporation must indemnify its present or former directors and officers against expenses (including attorneys' fees) actually and reasonably incurred to the extent that the officer or director has been successful on the merits or otherwise in defense of any action, suit or proceeding brought against him or by reason of the fact that he or she is or was a director or officer of the corporation.

The DGCL provides that a corporation may indemnify its officers, directors, employees and agents against liabilities and expenses incurred in proceedings if the person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the corporation and, with respect to any criminal action, had no reasonable cause to believe that the person's conduct was unlawful.

However, under the DGCL, no indemnification is available in respect of a claim as to which the person has been adjudged to be liable to the corporation, unless and only to the extent that a court determines that in view of all the circumstances, such person is fairly and reasonably entitled to indemnity for such expenses that the court deems proper.

Eagle's certificate of incorporation provides that a director of Eagle shall not be personally liable to Eagle or any of its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's loyalty to Eagle or shareholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the DGCL or (4) for any transaction from which the director derived a personal benefit. Additionally, the certificate of incorporation provides that Eagle will indemnify to the fullest outlined in the bylaws.

**Restrictions on Business Combinations with Significant Shareholders** BMB's articles of incorporation do not contain any provision regarding business combinations between BMB and significant shareholders.

Eagle's certificate of incorporation provides that, subject to certain exceptions, a business combination with any interested shareholder or any affiliate or associate of any interested shareholder or any person who after such business combination would be an affiliate or associate of such interested shareholder, shall require the approval of the board and the affirmative vote of the holders of at least 80% of the voting power of the then outstanding voting stock which is not owned by the interested shareholder or any affiliate or associate of such interested shareholder.



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**BMB EAGLE**

Eagle's certificate of incorporation provides that Eagle does not need the 80% affirmative if the transaction is approved by a majority of disinterested directors or if the following conditions are met:

(1) minimum price requirements. with respect to every class or series of voting stock of the corporation, whether or not the interested shareholder has previously acquired beneficial ownership of any shares of such class or series of voting stock:

(i) the aggregate amount of the cash and the fair market value as of the date of the consummation of the business combination of consideration other than cash to be received per share by holders of common stock in such business combination shall be at least equal to the higher of the following:

(a)(if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by or on behalf of the interested shareholder for any share of common stock in connection with the acquisition by the interested shareholder of beneficial ownership of shares of common stock (1) within the two-year period immediately prior to the first public announcement of the proposal of the business combination (the "announcement date"), or (2) in the transaction or series of related transactions in which it became an interested shareholder, whichever is higher, in either case as adjusted for any subsequent stock split, stock dividend, subdivision or reclassification with respect to common stock; and

(b) the fair market value per share of common stock on the announcement date or on the date on which the interested shareholder became an interested shareholder (such latter date is referred to in this article xii as the "determination date"), whichever is higher, as adjusted for any subsequent stock split, stock dividend, subdivision or reclassification with respect to common stock.

(ii) the aggregate amount of the cash and the fair market value as of the date of the consummation of the business combination of consideration other than cash to be received per share by holders of shares of any other class or series of outstanding voting stock shall be at least equal to the highest of the following (it being intended that the requirements of this paragraph (b)(ii) shall be required to be met with respect to every class or series of outstanding voting stock, whether or not the interested shareholder has previously acquired any shares of a particular class or series of voting stock):

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**BMB EAGLE**

(a)(if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by or on behalf of the interested shareholder for any shares of such class or series of voting stock in connection with the acquisition by the interested shareholder of beneficial ownership of such shares (1) within the two-year period immediately prior to the announcement date, or (2) in the transaction in which it became an interested shareholder, whichever is higher, in either case as adjusted for any subsequent stock split, stock dividend, subdivision or reclassification with respect to such class or series of voting stock;

(b)(if applicable) the highest preferential amount per share to which the holders of shares of such class or series of voting stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the corporation; and

(c) the fair market value per share of such class or series of voting stock on the announcement date or on the determination date, whichever is higher, in either case as adjusted for any subsequent stock split, stock dividend, subdivision or reclassification with respect to such class or series of voting stock.

**Restrictions on Related Party Transactions** Neither BMB's articles of incorporation nor bylaws contain any provision that restricts related party transactions.

Neither Eagle's certificate of incorporation nor bylaws contains any provision that restricts related party transactions.

**Prevention of Greenmail** BMB's articles of incorporation do not contain a provision designed to prevent greenmail.

Eagle's certificate of incorporation does not contain a provision designed to prevent greenmail.

**Fundamental Business Transactions** Under the MBCA, a two-thirds vote is generally required for approval of mergers or share exchanges, unless otherwise provided in a company's articles of incorporation. BMB's articles of incorporation do not contain any provisions regarding shareholder approval of any merger, share exchange or sale,

Eagle's certification of incorporation does not contain any provisions regarding shareholder approval of any merger, share exchange or sale, lease, exchange or other transfer of all or substantially all of the corporation's assets by holders of common stock.

lease, exchange or other transfer of all or substantially all of the corporation's assets by holders of common stock.

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**BMB EAGLE**

**Non-Shareholder  
Constituency  
Provision**

BMB's articles of incorporation do not contain a provision that expressly permits the board of directors to consider constituencies other than the shareholders when evaluating certain offers.

Eagle's certificate of incorporation does not contain a provision that expressly permits the board of directors to consider constituencies other than the shareholders when evaluating certain offers.

**Appraisal/Dissenters'  
Rights**

Under the MBCA, a shareholder generally has the right to dissent and obtain payments of fair value of his or her shares for any merger to which the corporation is a party, shareholder approval is required for the merger by 35-1-815 or the articles of incorporation and the shareholder is entitled to vote on the merger; or the corporation is a subsidiary that is merged with its parent corporation under 35-1-818.

Under the DGCL, a shareholder may dissent from, and receive payments in cash for, the fair value of his or her shares as appraised by the Delaware Court of Chancery in the event of certain mergers and consolidations. However, shareholders do not have appraisal rights if the shares of stock they hold, at the record date for determination of shareholders entitled to vote at the meeting of shareholders to act upon the merger or consolidation, or on the record date with respect to action by written consent, are either (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders. Further, no appraisal rights are available to shareholders of the surviving corporation if the merger did not require the vote of the shareholders of the surviving corporation. Notwithstanding the foregoing, appraisal rights are available if shareholders are required by the terms of the merger agreement to accept for their shares anything other than (a) shares of stock of the surviving corporation, (b) shares of stock of another corporation that will either be listed on a national securities exchange or held of record by more than 2,000 holders, (c) cash instead of fractional shares or (d) any combination of clauses (a)-(c). Appraisal rights are also available under the DGCL in certain other circumstances, including in certain parent-subsiidiary corporation mergers and in certain circumstances where the certificate of incorporation so provides.

A shareholder entitled to dissent and to obtain payment for shares may not challenge the corporate action creating the shareholder's entitlement unless the action is unlawful or fraudulent with respect to the shareholder or the corporation

Eagle's certificate of incorporation does not provide for appraisal rights in any additional circumstance.

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**BUSINESS OF BIG MUDDY BANCORP, INC.**

**General and Business**

BMB is a bank holding company under the Bank Holding Company Act of 1956, as amended, for The State Bank of Townsend, and is subject to the supervision and regulation of the Federal Reserve and is a corporation organized under the laws of the State of Montana. Its main office is located at 400 Broadway Street, Townsend, Montana 59644. The State Bank of Townsend is a Montana state bank, which was established in 1899, and is subject to the supervision and regulation of the Montana Division of Banking and Financial Institutions and the Federal Deposit Insurance Corporation. The State Bank of Townsend is a full-service commercial bank, providing a wide range of business and consumer financial services to individual and corporate customers through its four banking offices located in Townsend, Dutton, Denton and Choteau, Montana, and is headquartered in Townsend, Montana. The State Bank of Townsend operates its branches under the brand names Dutton State Bank, Farmers State Bank of Denton and The State Bank of Townsend.

At June 30, 2018, BMB had total assets of approximately \$109.3 million, total deposits of approximately \$93.9 million, total loans of approximately \$92.1 million, and stockholders' equity of approximately \$13.6 million.

**Banking Services**

The State Bank of Townsend serves the Pondera, Lewis and Clark, Broadwater, Gallatin, Meagher, Judith Basin, Fergus and Teton Counties of Montana and provides a range of agricultural, commercial and consumer banking services to small to medium size businesses, professionals and executives, and individuals. The business model incorporates a community banking relationship approach, delivered by experienced and highly trained professionals. The State Bank of Townsend's range of loan products to consumers and businesses includes, but is not limited to: secured and unsecured loans for owner-occupied and non-owner-occupied real estate, construction, multi-family properties, business assets, agricultural loans, and other consumer loan needs. The State Bank of Townsend also provides a range of depository services to consumers and businesses, including, but not limited to: non-interest bearing and interest bearing demand deposit accounts, savings accounts, money market accounts, and certificates of deposits. The State Bank of Townsend's services also include, but are not limited to: branch banking, ATM, wire, ACH, and online and mobile banking products.

The revenues of The State Bank of Townsend are primarily derived from interest on, and fees received in connection with lending activities, from interest and dividends on cash and investment securities, as well as periodic loan sales. The principal sources of funds for The State Bank of Townsend's lending activities are customer deposits, loan repayments, and proceeds from investment securities, as well as its equity. The principal expenses of The State Bank

of Townsend include interest paid on deposits, and operating and general administrative expenses. As is the case with banking institutions generally, The State Bank of Townsend's operations are materially and significantly influenced by general economic conditions and by related monetary and fiscal policies of financial institution regulatory agencies, including the Federal Reserve and the FDIC. Deposit flows and costs of funds are influenced by interest rates on competing investments and general market rates of interest. Lending activities are affected by the demand for financing of real estate, business, and other types of loans, which in turn is affected by the interest rates at which such financing may be offered and other factors affecting local demand and availability of funds. The State Bank of Townsend faces strong competition in the attraction of deposits (the primary source of lendable funds) and in the origination of loans.

*Agricultural banking.* The State Bank of Townsend is well known in Montana as a leader in agricultural banking. The State Bank of Townsend provides operating, term, livestock, equipment and long term real estate loans. The bank is a certified lender for USDA Farm Service Agency guaranteed loan programs. The State Bank of Townsend's experienced staff understands the unique characteristics of agricultural lending which is a large part of its credit portfolio.

*Commercial Banking.* The State Bank of Townsend focuses its commercial loan originations on small- and mid-sized businesses and such loans are usually accompanied by significant related deposits. Commercial underwriting is driven by cash flow analysis, supported by collateral analysis and review. Commercial loan products include commercial real estate construction and owner occupied and non-owner occupied term and construction loans; working capital loans and lines of credit; demand, term, and time loans; SBA guaranteed loans; and equipment, inventory and accounts receivable financing.



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*Retail Banking.* The State Bank of Townsend's consumer banking activities include consumer deposit and checking accounts. In addition to traditional products and services, The State Bank of Townsend offers additional products and services, such as debit cards, online banking, mobile banking, and electronic bill payment services. Consumer loan products offered by The State Bank of Townsend include consumer loans, and unsecured personal credit lines.

## **Employees**

As of June 30, 2018, The State Bank of Townsend had 30 full-time equivalent employees. The employees are not represented by a collective bargaining unit. The State Bank of Townsend considers relations with employees to be good.

## **Properties**

The main office of BMB is located at 400 Broadway Street, Townsend, Montana 59644. The main office of The State Bank of Townsend, with a main office also located at 400 Broadway, Townsend, Montana 59644, has four branch offices located in Townsend, Dutton, Denton and Choteau, Montana.

## **Legal Proceedings**

The State Bank of Townsend is periodically a party to or otherwise involved in legal proceedings arising in the normal course of business, such as claims to enforce liens, claims involving the making and servicing of real property loans, and other issues incident to its business. On February 4, 2016, FRCS filed a complaint in the Montana First Judicial District Court, Broadwater County, which was amended on March 28, 2016, seeking damages and claiming breach of contract, breach of the implied covenant of good faith and fair dealing and constructive fraud, in relation to a loan setup and servicing agreement between FRCS and The State Bank of Townsend. The State Bank of Townsend filed a counterclaim on June 3, 2016, claiming, among other things, breach of contract, breach of the implied covenant of good faith and fair dealing, tortious interference and constructive fraud. The State Bank of Townsend intends to vigorously defend itself against the claims of FRCS in this matter. As of the date hereof, and except as disclosed in this proxy statement/prospectus, management does not believe that there is any pending or threatened proceeding against BMB or The State Bank of Townsend which, if determined adversely, would have a material adverse effect on BMB's financial position, liquidity, or results of operations.

## **Competition**

The State Bank of Townsend encounters strong competition both in making loans and in attracting deposits. In one or more aspects of its business, The State Bank of Townsend competes with other commercial banks, credit unions, finance companies, mutual funds, insurance companies, brokerage and investment banking companies, and other financial intermediaries. Many of these competitors have substantially greater resources and lending limits, and may offer certain services that The State Bank of Townsend does not currently provide. In addition, many of The State Bank of Townsend's non-bank competitors are not subject to the same extensive federal regulations that govern bank holding companies and federally insured banks. Recent federal and state legislation has heightened the competitive environment in which financial institutions must conduct their business, and the potential for competition among financial institutions of all types has increased significantly. There is no assurance that increased competition from other financial institutions will not have an adverse effect on The State Bank of Townsend's operations.

## **Management**

*Directors.* The board of directors of BMB is comprised of ten individuals. The directors are elected for terms of one year or until their successors are duly qualified and elected. The same individuals serve as directors of The State Bank of Townsend.

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<b>Name</b>	<b>Position Held with BMB</b>	<b>Principal Occupation</b>
Wayne C. Edwards	Chairman	Senior Vice President and Director of the State Bank of Townsend
Benjamin G. Ruddy	President	President and Director of The State Bank of Townsend
Joni Carlton	Corporate Secretary	Executive Vice President/Chief Operating Officer, The State Bank of Townsend
Craig A. Ekegren	Director	Retired from Cargill as Controller of the Agricultural Markets Division
J. William Kearns, Jr.	Director	Retired banking executive
David T. Kearns	Director	Retired from the Federal Bureau of Investigation
Steven R. McCullough	Director	Retired farmer
Robert Stephens	Director	Retired farmer
Steve E. Tesarek	Director	Farmer – Small grains in Coffee Creek, Montana
Ted Vanover	Director	Retired banking executive
Joshua G. Webber	Director	Vice President of The State Bank of Townsend

*Executive Officers.* The following sets forth information regarding the executive officers of BMB. The officers of BMB serve at the pleasure of the board of directors.

<b>Name</b>	<b>Principal Occupation During the Past Five Years</b>
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Benjamin G. Ruddy	Director and President of BMB and The State Bank of Townsend since December 11, 2017. Mr. Ruddy served as President of Dutton State Bank beginning in October 2011 until Dutton State Bank's merger with The State Bank of Townsend on December 11, 2017.
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Joni Carlton	Corporate Secretary of BMB; Executive Vice President and Chief Operating Officer of The State Bank of Townsend since December 11, 2017. From January 2016 to December 11, 2017, Ms. Carlton was President and Chief Executive Officer of The State Bank of Townsend. Prior to January 2016, Ms. Carlton served for over 20 years at The State Bank of Townsend as Executive Vice President and Chief Financial Officer.
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**BMB'S MANagements DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The words “we”, us “, “our”, the “Company” and similar terms when used in this section refer to Big Muddy Bancorp, Inc., unless the context indicates otherwise.

**Introduction**

Our discussion and analysis of earnings and related financial data are presented herein to assist investors in understanding the financial condition of BMB at December 31, 2017, and the results of operations for the six month periods ended June 30, 2018 and 2017, and the year ended December 31, 2017. This discussion should be read in conjunction with BMB's Consolidated Financial Statements and related footnotes, presented with this proxy statement/prospectus.

**Critical Accounting Policies**

Our accounting policies are integral to understanding the results reported. Accounting policies are described in detail in Note 1 of the notes to the Consolidated Financial Statements. The critical accounting policies require management's judgment to ascertain the valuation of assets, liabilities, commitments and contingencies. We have established policies and control procedures that are intended to ensure valuation methods are well controlled and applied consistently from period to period. In addition, the policies and procedures are intended to ensure the process for changing methodologies occurs in an appropriate manner. The following is a brief description of our current accounting policies, involving significant management judgments.

*Allowance for Loan Losses*

The allowance for loan losses is maintained at a level sufficient to provide for estimated losses based on an evaluation of known and inherent risks in the loan portfolio and management's continuing analysis of the factors underlying the quality of the loan portfolio. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is based upon factors and trends identified by management at the time financial statements are prepared. Although management uses the best information available, future adjustments to the allowance may be necessary due to economic, operating, regulatory, and other conditions beyond management's control.

The adequacy of general and specific reserves is based on a continuing evaluation of the pertinent factors underlying the quality of the loan portfolio, including changes in the size and composition of the loan portfolio, delinquency rates, actual loan loss experience, and current economic conditions, as well as individual review of certain large balance loans. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Larger balance nonhomogeneous loans are individually evaluated for impairment.

Loans are considered impaired when, based on current information and events, management determines that it is probable the Bank will be unable to collect all amounts due according to the contractual terms of the loan agreement. Factors involved in determining impairment include, but are not limited to, the financial condition of the borrower, the value of the underlying collateral, and the current status of the economy. Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as a practical expedient, at the loan's observable market price or the fair value of collateral if the loan is collateral dependent. Subsequent changes in the value of impaired loans are included within the provision for loan losses in the same manner in which impairment initially was recognized or as a reduction in the provision that would otherwise be reported.

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*Goodwill and Intangible Assets*

Goodwill is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but are tested for impairment at least annually. Goodwill is the only intangible asset with an indefinite life on BMB's balance sheet.

*Valuation of Investment Securities*

All of our investment securities are classified as available-for-sale and recorded at current fair value. Unrealized gains or losses, net of deferred taxes, are reported in other comprehensive income as a separate component of shareholders' equity. In general, fair value is based upon quoted market prices of identical assets, when available. If quoted market prices are not available, fair value is based upon valuation models that use cash flow, security structure and other observable information. Where sufficient data is not available to produce a fair valuation, fair value is based on broker quotes for similar assets. Broker quotes may be adjusted to ensure that financial instruments are recorded at fair value. Adjustments may include unobservable parameters, among other things.

We conduct a review and evaluation of our investment securities to determine if any declines in fair value are other than temporary. In making this determination, we consider the period of time the securities were in a loss position, the percentage decline in comparison to the securities' amortized cost, the financial condition of the issuer, if applicable, and the delinquency or default rates of underlying collateral. We consider our intent to sell the investment securities and the likelihood that we will not have to sell the investment securities before recovery of their cost basis. If impairment exists, credit related impairment losses are recorded in earnings while noncredit related impairment losses are recorded in accumulated other comprehensive income.

*Comparison of Results of Operations for the six month periods ended June 30, 2018 and 2017, and the year ended December 31, 2017*

**Net Income**

BMB's net income for the six months ended June 30, 2018 and 2017 was \$767,000 and \$495,000, respectively. Net income for the year ended December 31, 2017 was \$789,000. The increase of \$272,000 in net income for the six months ended June 30, 2018 compared to the same period in the prior year was largely due to an increase in interest

income of \$144,000, a decrease in noninterest expense of \$185,000 and a decrease in income tax expense of \$25,000. These increases were partially offset by an increase in the provision for loan losses of \$38,000, an increase in interest expense of \$37,000 and a decrease in noninterest income of \$7,000.

## **Net Interest Income/Margin**

### *Comparison of net interest income for the six months ended June 30, 2018 and 2017*

Net interest income consists of interest income generated by earning assets, less interest expense. Net interest income was \$2.74 million for the six months ended June 30, 2018, compared to \$2.64 million for the same period in 2017. The resulting net interest margin (net interest income divided by earning assets) increased from 4.92% for the six months ended June 30, 2017 to 5.37% for the six months ended June 30, 2018.

Total interest and dividend income was \$2.87 million for the six months ended June 30, 2018, compared to \$2.72 million for the same period in 2017. Interest-earning assets averaged \$102.05 million for the six months ended June 30, 2018, compared to \$107.11 million for the six months ended June 30, 2017, a \$5.06 million, or 4.72%, decrease. The decrease was due to the decrease in the average balance of available for sale securities and other earning assets, partially offset by the increase in average loans for June 30, 2018 compared to June 30, 2017. The yield on average interest-earning assets increased 54 basis points (“bps”) to 5.62% for the six months ended June 30, 2018, compared to 5.08% for the six months ended June 30, 2017. The slight decline in the average earning assets was offset by the increase in the yield on average interest-earning assets and resulted in higher interest and dividend income period over period.



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Interest expense on deposits was \$125,000 for the six months ended June 30, 2018 compared to \$88,000 for the six months ended June 30, 2017. Interest-bearing liabilities averaged \$66.89 million for the six months ended June 30, 2018, compared to \$75.30 million in average interest-bearing liabilities for the same period in 2017, a \$8.41 million, or 11.17% decrease. The cost of average interest-bearing liabilities increased period over period by 14 bps to 0.37% for the six months ended June 30, 2018, compared to 0.23% for the same period in 2017.

**Average Balances, Interest Income and Expenses, Yields and Rates**

	Six Months Ended June 30, 2018			2017		
	Average Daily Balance	Interest and Dividends	Yield/ Cost	Average Daily Balance	Interest and Dividends	Yield/ Cost
(Dollars in Thousands)						
Assets:						
Interest earning assets:						
Securities available for sale	\$3,513	\$ 25	1.42 %	\$13,798	\$ 84	1.22 %
Other investments	156	2	2.56 %	269	4	2.97 %
Loans <sup>(1)</sup>	89,791	2,758	6.14 %	81,738	2,552	6.24 %
Other earning assets	8,591	82	1.91 %	11,303	83	1.47 %
Total interest earning assets	102,051	2,867	5.62 %	107,108	2,723	5.08 %
Liabilities:						
Interest bearing deposits	\$66,890	\$ 125	0.37 %	\$75,300	\$ 88	0.23 %
Non-interest bearing deposits	30,104			31,199		
Net interest income/interest rate spread		\$ 2,742	5.25 %		\$ 2,635	4.85 %
Net interest margin <sup>(2)</sup>			5.37 %			4.92 %
Total interest earning assets to interest bearing liabilities			152.57 %			142.24 %

(1) Nonperforming loans are included in average loan balances. Fees on loans are included in interest on loans.

(2) Net interest margin represents income before the loan loss provision divided by average interest earning assets.

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The table below details the components of the changes in net interest income, comparing the six months ended June 30, 2018 to the same period in 2017. For each major category of interest-earning assets and interest-bearing liabilities, information is provided with respect to changes due to average volume and changes due to rates, with the changes in both volumes and rates allocated to these two categories based on the proportionate absolute changes in each category.

**Rate/Volume Analysis**

	Six Months Ended June 30, 2018		
	Due		
	to		
	Volume	Rate	Net
	(In Thousands)		
Interest earning assets:			
Securities available for sale	\$(63 )	\$4	\$(59 )
Other investments	(2 )	-	(2 )
Loans	251	(45)	206
Other earning assets	(20)	19	(1 )
Total interest earning assets	166	(22)	144
Interest bearing liabilities:			
Interest bearing deposits	(16)	53	37
Change in net interest income	\$ 182	\$(75)	\$ 107

Table of Contents**Average Balances, Interest Income and Expenses, Yields and Rates**

	Year Ended December 31, 2017			
	Average Daily Balance (Dollars in Thousands)	Interest and Dividends	Yield/ Cost	
<b>Assets:</b>				
<b>Interest earning assets:</b>				
Securities available for sale	\$9,533	\$ 129	1.35	%
Other investments	234	6	2.56	%
Loans <sup>(1)</sup>	85,484	5,490	6.42	%
Other earning assets	10,100	145	1.44	%
Total interest earning assets	105,351	5,770	5.48	%
<b>Liabilities:</b>				
Interest bearing deposits	\$72,119	\$ 222	0.31	%
Non-interest bearing deposits	31,204			
Net interest income/interest rate spread		\$ 5,548	5.17	%
Net interest margin <sup>(2)</sup>			5.27	%
Total interest earning assets to interest bearing liabilities			146.08	%

(1) Nonperforming loans are included in average loan balances. Fees on loans are included in interest on loans.

(2) Net interest margin represents income before the loan loss provision divided by average interest earning assets.

**Provision for Loan Losses**

The provision for loan losses for the six months ended June 30, 2018 was \$218,000, compared to \$180,000 for the six months ended June 30, 2017. The provision for loan losses for the year ended December 31, 2017 was \$386,000. BMB's policy is to maintain the allowance for loan losses at a level sufficient to absorb probable incurred losses inherent in the loan portfolio. The allowance is increased by the provision for loan losses, which is a charge to earnings, and is decreased by charge-offs, net of recoveries on prior loan charge-offs. In determining the adequacy of the allowance for loan losses, we consider our historical loan loss experience, the general economic environment, the overall portfolio composition, and other information. As these factors change, the level of loan loss provision changes.



Table of Contents**Noninterest Income**

Noninterest income for the six months ended June 30, 2018 and June 30, 2017 was \$293,000 and \$300,000, respectively. The fluctuations between periods were the result of the components listed in the following table:

		\$		%
	Six Months Ended June 30,	Increase		Increase
	2018	2017	(Decrease)	(Decrease)

(Dollars in Thousands)

Noninterest income					
Overdraft & service charges	\$63	\$66	\$ (3	)	-4.55 %
Debit card fees	31	42	(11	)	-26.19 %
Life insurance earnings	30	44	(14	)	-31.82 %
Other noninterest income	169	148	21		14.19 %
Total noninterest income	\$293	\$300	\$ (7	)	-2.33 %

Noninterest income for year ended December 31, 2017 was \$432,000. The components of noninterest income were as follows:

Year Ended  
December  
31, 2017

(In  
Thousands)

Noninterest income	
Overdraft & service charges	\$ 131
Debit card fees	80
Life insurance earnings	77
Loss on sale of assets	(16 )
Other noninterest income	160
Total noninterest income	\$ 432



Table of Contents**Noninterest Expense**

Noninterest expense for the six months ended June 30, 2018 and 2017 was \$1.84 million and \$2.02 million, respectively. The fluctuations between periods were the result of the components listed in the following table:

	Six Months Ended June 30,		\$		%	
	2018	2017	Increase (Decrease)	)	Increase (Decrease)	%
(Dollars in Thousands)						
Noninterest expense						
Salaries and benefits	\$1,107	\$1,262	\$ (155)	)	-12.28	%
Computer fees	148	56	92		164.29	%
Depreciation and maintenance	93	86	7		8.14	%
Data security/recovery	69	112	(43)	)	-38.39	%
Occupancy	70	61	9		14.75	%
Accounting fees	14	40	(26)	)	-65.00	%
Telephone	14	42	(28)	)	-66.67	%
Director fees	32	34	(2)	)	-5.88	%
Advertising & promotions	23	20	3		15.00	%
Legal fees	46	39	7		17.95	%
Other	222	271	(49)	)	-18.08	%
Total noninterest expense	\$1,838	\$2,023	\$ (185)	)	-9.14	%

The decrease in noninterest expense was largely due to the decrease in salaries and benefits from \$1.26 million for the six months ended June 30, 2017 compared to the \$1.11 million for the six months ended June 30, 2018. This decrease is primarily due to the sale of a branch in 2017.

Noninterest expense for the year December 31, 2017 was \$4.47 million. The components of noninterest expense were as follows:

Year Ended  
December  
31, 2017

(In  
Thousands)

Noninterest expense	
Salaries and benefits	\$ 2,550
Computer fees	353
Depreciation and maintenance	175
Data security/recovery	117
Occupancy expense	115
Accounting fees	94
Telephone	87
Director fees	63
Advertising & promotions	50
Legal fees	365
Other	496
Total noninterest expense	\$ 4,465



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*Comparison of Balance Sheets at June 30, 2018 and December 31, 2017*

**Overview**

Our total assets decreased \$3.96 million, or 3.50%, from December 31, 2017 to June 30, 2018. The primary driver of this decrease was a decrease in cash and cash equivalents of \$8.95 million, which was partially offset by an increase in net loans of \$5.21 million.

**Investment Securities**

We classify our securities as available for sale and they are recorded at fair value. Unrealized holding gains and losses on available for sale securities are included as a separate component of shareholders' equity, net of the effect of deferred income taxes.

We use our securities portfolio primarily as a source of liquidity, as a tool to manage our balance sheet sensitivity and regulatory capital ratios, and as a base from which to pledge assets for repurchase agreements and public deposits. When our liquidity position exceeds current needs and our expected loan demand, other investments are considered as a secondary earnings alternative. As investments mature, they are used to meet current cash needs or they are reinvested to maintain our desired liquidity position. We have designated all of our securities as available for sale to provide flexibility, in case an immediate need for liquidity arises and believe that the composition of the portfolio offers needed flexibility in managing our liquidity position and interest rate sensitivity, without adversely impacting our regulatory capital levels.

The Company also holds stock in the Federal Home Loan Bank (FHLB). The required investment in the common stock is based on a predetermined formula and is carried at cost on the statements of financial condition as other investments.

Our average balance for available for sale securities was \$3.51 million for the six months ended June 30, 2018, compared to \$13.80 million six months ended June 30, 2017. This decrease of \$10.29 million is primarily due to liquidation of available for sale securities to fund loan growth. The yield on average available for sale securities increased 20 bps to 1.42% for the six months ended June 30, 2018, compared to 1.22% for the six months ended June 30, 2017. The decrease in the average balance for available for sale securities was the primary driver for the \$59,000 decrease in investment securities interest income for the six months ended June 30, 2018 compared to the same period in 2017.

Our available for sale securities portfolio totaled \$3.42 million and \$3.54 million at June 30, 2018 and December 31, 2017, respectively. A net unrealized loss of \$10,200 was recorded at December 31, 2017, compared to a net unrealized net loss of \$10,400 at June 30, 2018.

	June 30, 2018		December 31, 2017			
	Fair Value	Percentage of Total	Fair Value	Percentage of Total		
	(Dollars in Thousands)					
Securities available for sale:						
US agencies	\$1,984	58.06	% \$1,987	56.19	%	
Mortgage-backed securities	1	0.03	% 3	0.08	%	
Municipal	1,432	41.91	% 1,546	43.73	%	
Total securities available for sale	\$3,417	100.00	% \$3,536	100.00	%	

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The aggregate amortized cost and fair value of available-for-sale investment securities by remaining contractual maturity are shown below. Actual expected maturities differ from contractual maturities because issuers may have the right to call or prepay obligations. Mortgage-backed securities do not have a single maturity date, and are therefore shown separately.

**Maturity Distribution of Securities Available For Sale**

	June 30, 2018				
	1 Year Or Less	1-5 Years	5-10 Years	After 10 Years	Total
	(In Thousands)				
Amortized cost:					
US agencies	\$1,501	\$499	\$ -	\$ -	\$2,000
Municipal	721	705	-	-	1,426
	2,222	1,204	-	-	3,426
Mortgage-backed securities	-	-	-	-	1
Total	\$2,222	\$1,204	\$ -	\$ -	\$3,427

	June 30, 2018				
	1 Year Or Less	1-5 Years	5-10 Years	After 10 Years	Total
	(In Thousands)				
Fair value:					
US agencies	\$1,492	\$492			\$1,984
Municipal	721	711			1,432
	2,213	1,203	-	-	3,416
Mortgage-backed	-	-	-	-	1
Total	\$2,213	\$1,203	\$ -	\$ -	\$3,417

**Loans**

Lending income is the most important component of our net interest income and is a major contributor to profitability. The loan portfolio is the largest component of earning assets, and it therefore generates the largest portion of revenue. The absolute volume of loans and the volume of loans as a percentage of earnings assets is an important determinant of net interest margin, as loans are expected to produce higher yields than securities and other earning assets.

Average loans during the six months ended June 30, 2018 was \$89.79 million, compared to \$81.74 million for the six months ended June 30, 2017. The yield on average loans decreased 10 bps to 6.14% for the six months ended June 30, 2018, compared to 6.24% for the six months ended June 30, 2017. Loan interest income increased by \$206,000, or 8.07% for the six months ended June 30, 2018 compared to the same period in 2017. This increase was due to the increase in average loans period over period, partially offset by the decrease in yields period over period.

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Total loans, net of the allowance for loan losses at June 30, 2018 and December 31, 2017 were \$91.56 million and \$86.35 million, respectively, an increase of \$5.21 million, or 6.04%. The allowance for loan losses was \$576,000 at June 30, 2018 and \$567,000 at December 31, 2017, an increase of \$9,000, or 1.59%.

*Agricultural loans:* This is the largest category of our loan portfolio. These loans include agriculture production loans and loans secured by farmland.

*Commercial loans:* This includes commercial real estate and other commercial business lending.

*Residential real estate loans:* These are predominantly single family home loans originated within our local market areas.

The table below provides a summary of the loan portfolio composition at the periods indicated below.

**Loans Outstanding**

	June 30, 2018		December 31, 2017	
	Amount	Percent of Total	Amount	Percent of Total
	(Dollars in Thousands)			
Agricultural production	\$26,745	29.02 %	\$23,071	26.53 %
Nonfarm, nonresidential commercial real estate	22,127	24.01 %	20,358	23.42 %
Farmland	14,446	15.68 %	14,165	16.29 %
Commercial and industrial	11,567	12.55 %	13,490	15.52 %
Residential real estate	14,708	15.96 %	13,275	15.27 %
Other	2,563	2.78 %	2,579	2.97 %
<b>Total loans</b>	<b>92,156</b>	<b>100.00 %</b>	<b>86,938</b>	<b>100.00 %</b>
Net deferred fees	(22 )		(25 )	
Allowance for loan losses	(576 )		(567 )	
<b>Total loans, net</b>	<b>\$91,558</b>		<b>\$86,346</b>	

The following table describes the contractual maturities and repricing dates of our loan portfolio at June 30, 2018.

**Loan Maturity Distribution**

	(In Thousands)
3 months or less	\$ 22,296
Over 3 months to 12 months	14,125
Over 1 year to 3 years	12,560
Over 3 years to 5 years	28,741
Over 5 years to 15 years	8,262
Over 15 years	6,172
Total	\$ 92,156

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**Credit Quality and Allowance for Loan Losses**

We maintain an allowance for loan losses that we believe is adequate to absorb probable incurred losses inherent in our loan portfolio. The allowance is increased by the provision for loan losses, which is a charge to current period earnings and decreased by loan charge-offs net of recoveries of prior period loan charge-offs. Loans are charged against the allowance when we believe collection of the principal is unlikely.

The allowance consists of two components. The first component consists of amounts reserved for impaired loans, as defined by ASC 310. Impaired loans are those loans that management has estimated will not repay as agreed pursuant to the loan contract. Each of these loans is required to have a written analysis supporting the amount of specific reserve allocated to the particular loan, if any. A loan may be impaired (i.e. not expected to repay as agreed), but it may be sufficiently collateralized such that we expect to recover all principle and interest eventually, and therefore no specific reserve is warranted.

The second component is a general reserve on all of our loans other than those identified as impaired and is based on historical loss experience adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced over the most recent eight quarters. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. The following portfolio segments have been identified:

Agricultural production;

Nonfarm, nonresidential commercial real estate;

Farmland;

Commercial and industrial

Residential real estate; and

Other.

The historical loss factors for each portfolio segment is adjusted for current internal and external environmental factors, as well as for certain loan grading factors. The environmental factors that we consider are listed below.

We consider changes in the levels of and trends in past due loans, non-accrual loans and impaired loans, and the volume and severity of adversely classified or graded loans. We also consider levels of and trends in charge-offs and recoveries.

We consider changes in the nature and volume of the portfolio, in the terms of loans and changes in lending policies, procedures and practices, including changes in underwriting standards and collection, charge-off, and recovery practices not considered elsewhere in estimating credit losses. We also consider changes in the quality of our loan review system.

We consider changes in the experience, ability, and depth of our lending management and other relevant staff and the existence and effect of any concentrations of credit, and changes in the level of such concentrations.

We consider changes in national, regional, and local economic and business conditions and developments that affect the collectability of the portfolio, including the condition of various market segments (national and local economic trends and conditions).



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The aggregate of these two components results in our total allowance for loan losses.

In the table below, we have shown the components of our allowance for loan losses at June 30, 2018 and December 31, 2017.

**ALLL Components**

	June 30, 2018			December 31, 2017		
	Recorded ALLL			Recorded ALLL		
	Investmen	Balance	%	Investmen	Balance	%
	(Dollars in Thousands)					
Nonimpaired loans	\$84,129	\$ 426	0.51%	\$84,582	\$ 567	0.67%
Impaired loans	8,027	150	1.87%	2,356	-	0.00%
Total loans	\$92,156	\$ 576	0.63%	\$86,938	\$ 567	0.65%

The general loan loss allowance for nonimpaired loans decreased by \$141,000, or 16 bps, to 0.51% of the nonimpaired loan balance outstanding at June 30, 2018, compared to 0.67% at December 31, 2017. The net decrease resulted from changes in historical charge off rates, changes in current environmental factors, and changes in the loan portfolio mix. The loan loss allowance for impaired loans increased to \$150,000, or 1.87% of the impaired loan balance outstanding at June 30, 2018, compared to 0% at December 31, 2017. The net increase is related to the agricultural production loan resulted from portfolio segment.

We believe our allowance for loan losses was adequate at June 30, 2018. However, we recognize many factors can adversely impact various segments of our market and customers, and therefore there is no assurance as to the amount of losses or probable losses which may develop in the future.

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The table below sets forth the activity in the total allowance for loan losses for the periods presented.

**Summary of Loan Loss Experience**

	Six Months Ended June 30, 2018	Year Ended December 31, 2017		
	(Dollars in Thousands)			
Beginning balance	\$567	\$ 578		
Provision for loan losses	218	386		
Loans charged-off				
Agricultural production	(240 )	(52 )		
Commercial and industrial	-	(351 )		
Other	(6 )	(6 )		
Recoveries				
Agricultural production	6	2		
Commercial and industrial	30	4		
Other	1	6		
Net loans (charged-off) recovered	(209 )	(397 )		
Ending balance	\$576	\$ 567		
Allowance for loan losses to total loans	0.63 %	0.65 %		
Allowance for loan losses to nonperforming loans	40.62 %	47.17 %		
Net charge-offs to average loans outstanding during the period	0.23 %	0.49 %		

Nonperforming loans consist of nonaccrual loans and loans past due 90 days or more and still accruing interest. Nonperforming assets consist of nonperforming loans plus (a) foreclosed real estate (i.e. real estate acquired through foreclosure or deed in lieu of foreclosure); (b) other repossessed assets that are not covered by real estate. We generally place loans on nonaccrual status when they are past due 90 days, or when management believes the borrower's financial condition, after giving consideration to economic conditions and collection efforts, is such that collection of principal and interest per the contractual terms is in doubt. When we place a loan on nonaccrual, interest accruals cease and uncollected interest is reversed and charged against current income. Subsequent collections reduce the principal balance of the loan until the loan is returned to accrual status or interest is recognized only to the extent received in cash.

The largest component of nonperforming loans is nonaccrual loans, which as of June 30, 2018, totaled \$1.07 million. Nonaccrual loans were \$628,000 at December 31, 2017. Another component of nonperforming loans are loans past due greater than 90 days and still accruing interest. Loans which are past due greater than 90 days are placed on nonaccrual status unless they are both well secured and in the process of collection, which rarely occurs in practice.

The breakdown of non-performing assets is further delineated by loan category as follows:

Table of Contents**Nonperforming Assets**

	June 30, 2018	December 31, 2017		
	(Dollars in Thousands)			
Non-accrual loans				
Agricultural production	\$287	\$ 160		
Nonfarm, nonresidential commercial real estate	178	111		
Farmland	558	239		
Commercial and industrial	48	116		
Other	1	2		
Accruing loans delinquent 90 days or more				
Agricultural production	-	228		
Restructured loans				
Agricultural production	346	346		
Total nonperforming loans	1,418	1,202		
Other real estate owned and repossessed assets	91	91		
Total nonperforming assets	\$1,509	\$ 1,293		
Total nonperforming loans to total loans	1.54 %	1.38 %		
Total nonperforming loans to total assets	1.30 %	1.06 %		
Total allowance for loan loss to nonperforming loans	40.62 %	47.17 %		
Total nonperforming assets to total assets	1.38 %	1.14 %		

We consider a loan to be impaired when full payment according to the terms of the loan agreement is not probable or when the terms of a loan are modified in a troubled debt restructuring. Once the loan has been identified as impaired, a written analysis is performed to determine if there is a potential for a loss. If it is probable a loss may occur, a specific allowance or a partial charge down for that particular loan is then recognized. The loan is then placed on nonaccrual status and included in nonperforming loans. If the analysis indicates a loss is not probable, then no specific allowance or partial charge down is recognized.

Loans that are monitored for impairment pursuant to ASC 310 generally include agricultural, commercial, commercial real estate and construction, single family first mortgages and land development loans. Smaller homogeneous loans such as single family second mortgages and consumer loans are not generally subject to impairment monitoring pursuant to ASC 310, but are analyzed for potential losses based on historical loss factors, current environmental factors and to some extent loan grading.

Interest income recognized on impaired loans for the six months ended June 30, 2018 and 2017 was \$169,000 and \$28,000, respectively. Interest income recognized on impaired loans for the year ended December 31, 2017 was \$52,000. The average recorded investment in impaired loans during the six months ended June 30, 2018 and 2017 was \$7.96 million and \$1.03 million, respectively. The average recorded investment in impaired loans during the year ended December 31, 2017 was \$2.05 million.

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In this current real estate environment, it has become more common to restructure or modify the terms of certain loans under certain conditions. In certain circumstances, it may be more beneficial to restructure the terms of a loan and work with the borrower for the benefit of both parties, instead of forcing the property into foreclosure and having to dispose of it in an unfavorable real estate market. The modification of the terms of such loans has included one or a combination of the following: a reduction of the stated interest rate of the loan; an extension of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk; or a permanent reduction of the recorded investment in the loan. At June 30, 2018, we had \$346,000 of troubled debt restructures (TDRs) that are performing pursuant to their modified terms and none that are not performing pursuant to their modified terms. TDRs are included in our impaired loans, whether they are performing or nonperforming.

The tables below summarize our impaired loans and TDRs at the periods indicated.

**Troubled Debt Restructurings**

	June 30, 2018	December 31, 2017
	(In Thousands)	
Performing TDRs	\$346	\$ 346
Nonperforming TDRs	-	-
Total TDRs	\$346	\$ 346

TDRs at June 30, 2018 quantified by loan type classified separately as accrual (performing loans) and nonaccrual (nonperforming loans) are presented in the table below.

	June 30, 2018		
	Performing	Nonperforming	Total
	(In Thousands)		
Agricultural production	\$346	\$ -	\$346
Total TDRs	\$346	\$ -	\$346

Our policy is to return nonaccrual TDR loans to accrual status when all the principal and interest amounts due, pursuant to its modified terms, are brought current and future payments are reasonably assured. Our policy also considers the payment history of the borrower in assessing the confidence that future payments are reasonably assured, which typically requires six months of prompt payments. Loans are modified to minimize loan losses when we believe the modification will improve the borrower's financial condition and their ability to repay the loan. We

typically do not forgive principal. We generally either reduce interest rates or decrease monthly payments for a temporary period of time and those reductions of cash flows are capitalized into the loan balance. We may also extend maturities, convert balloon loans to longer term amortizing loans, or vice versa, or change interest rates between variable and fixed rate. Each borrower and situation is unique and we try to accommodate the borrower and minimize BMB's potential losses. There does not appear to be any significant difference in success rates with one type of concession versus another.

We are continually analyzing our loan portfolio in an effort to recognize and resolve our problem assets as quickly and efficiently as possible. While we believe we use the best information available at the time to make a determination with respect to the allowance for loan losses, we recognize that many factors can adversely impact various segments of our markets, and subsequent adjustments in the allowance may be necessary if future economic indications or other factors differ from the assumptions used in making the initial determination or if regulatory policies change. We continuously focus our attention on promptly identifying and providing for potential problem loans, as they arise.

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As of June 30, 2018, loans that were past-due 30-89 days totaled \$2.19 million. The table below summarizes our accruing loans past due greater than 30 days and less than 90 days for the periods presented.

	June 30, 2018 (Dollars in Thousands)	December 31, 2017		
Past due loans 30-89 days	\$2,190	\$ 1,709		
As a percentage of total loans	2.38 %	1.97 %		

Although the total allowance for loan losses is available to absorb losses from all loans, management allocates the allowance among loan portfolio categories for informational and regulatory reporting purposes. Regulatory examiners may require us to recognize additions to the allowance based upon the regulators' judgments about the information available to them at the time of their examination, which may differ from our judgments about the allowance for loan losses.

While no portion of the allowance is in any way restricted to any individual loan or group of loans, and the entire allowance is available to absorb losses from any and all loans, the following table summarizes our allocation of allowance for loan losses by loan category and loans in each category as a percentage of total loans, for the periods presented.

**Allocation of the Allowance for Loan Losses**

	June 30, 2018			December 31, 2017		
	Amount	Percentage of Allowance to Total	Loan Category to Total Loans	Amount	Percentage of Allowance to Total	Loan Category to Total Loans
Agricultural production	\$343	59.55 %	29.02 %	\$211	37.22 %	26.53 %
Nonfarm, nonresidential commercial real estate	97	16.84 %	24.01 %	113	19.93 %	23.42 %
Farmland	15	2.60 %	15.68 %	25	4.41 %	16.29 %
Commercial and industrial	77	13.37 %	12.55 %	139	24.51 %	15.52 %
Residential real estate	31	5.38 %	15.96 %	61	10.76 %	15.27 %



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Other	13	2.26	%	2.78	%	18	3.17	%	2.97	%
Total allowance for loan losses	\$576	100.00	%	100.00	%	\$567	100.00	%	100.00	%

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**Other Real Estate Owned and Repossessed Assets**

At June 30, 2018 and December 31, 2017, other real estate owned was \$91,000. Other real estate owned is related to one commercial real estate properties.

**Premises and Equipment**

Premises and equipment was \$2.47 million at June 30, 2018, compared to \$2.25 million at December 31, 2017. The increase was primarily due to the purchase and renovation of office space in Great Falls, Montana in 2017 partially offset by normal ongoing depreciation.

At June 30, 2018, we operated from four banking locations in Denton, Dutton, Townsend and Choteau, Montana. We currently own all of the banking locations.

**Deposits**

Average total deposits during the six months ended June 30, 2018 was \$96.99 million, as compared to \$106.50 million for the six months ended June 30, 2017. The yield on total average deposits increased period over period. The yield on total deposits was 0.26% for the six months ended June 30, 2018, compared to 0.17% for the six months ended June 30, 2017. Deposit interest expense increased by \$37,000 for the six months ended June 30, 2018 compared to the same period in 2017. This increase was due to the increase in yield, partially offset by the decrease in total average deposits period over period.

Total deposits decreased \$5.09 million, or 5.14%, to \$93.88 million at June 30, 2018, from \$98.97 million at December 31, 2017. All deposit products decreased during the period with the exception of money markets and savings. Noninterest-bearing demand decreased \$2.44 million or 7.74%, to \$29.07 million at June 30, 2018. Certificates of deposit decreased \$2.36 million or 9.24%, to \$23.15 million at June 30, 2018. Interest-bearing demand decreased \$968,000 or 5.85%, to \$15.59 million at June 30, 2018. Money markets increased \$634,000 or 5.55%, to \$12.06 million at June 30, 2018. Savings increased slightly by \$42,000 to \$14.02 million at June 30, 2018.

Our strategy has been to attract and grow relationships in our core deposit accounts, which we define as non-time deposit accounts, and not aggressively seek deposits based on pricing.

The tables below summarize selected deposit information at and for the periods indicated.

Core and non-core deposits

	June 30, 2018	December 31, 2017
	(In Thousands)	
Non time deposits	\$70,736	\$ 73,468
Time deposits	23,148	25,506
Total deposits	\$93,884	\$ 98,974

Table of Contents**Deposit Balance by Type**

	June 30, 2018		December 31, 2017	
	Balance	Percent of Total	Balance	Percent of Total
(Dollars in Thousands)				
Noninterest-bearing demand	\$29,067	30.95 %	\$31,507	31.83 %
Interest-bearing demand	15,591	16.61 %	16,559	16.73 %
Money market	12,062	12.85 %	11,428	11.55 %
Savings	14,016	14.93 %	13,974	14.12 %
Certificates of deposit	23,148	24.66 %	25,506	25.77 %
Total deposits	\$93,884	100.00 %	\$98,974	100.00 %

The following table shows the amount of certificates of deposit with balances of \$250,000 and greater by time remaining until maturity as of June 30, 2018.

**Maturity of Certificates of Deposit of \$250,000 or More**

	Balance \$250,000 and Greater (In Thousands)
3 months or less	\$ 1,185
Over 3 months to 12 months	1,842
Over 1 year to 3 years	495
Over 3 years	1,935
Total	\$ 5,457

**Borrowed Funds**

BMB had unsecured operating lines of credit with correspondent banks totaling \$1.00 million at June 30, 2018 and December 31, 2017. There were no outstanding balances under the Bank's operating line agreements at June 30, 2018 or at December 31, 2017.

At June 30, 2018, BMB had secured operating lines of credit with the FHLB and United Bankers' Bank with approximately \$31.2 million, available for future borrowings. The line is secured by designated residential real estate, commercial real estate, and acceptable consumer loans of the Bank. At June 30, 2018, the outstanding balance on these lines was \$1.00 million compared to \$0 at December 31, 2017.

### **Liquidity and Market Risk Management**

Market and public confidence in our financial strength and financial institutions in general will largely determine our access to appropriate levels of liquidity. This confidence is significantly dependent on our ability to maintain sound asset quality and appropriate levels of capital reserves.

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Liquidity is defined as the ability to meet anticipated customer demands for funds under credit commitments and deposit withdrawals at a reasonable cost and on a timely basis. We measure our liquidity position by giving consideration to both on- and off-balance sheet sources of and demands for funds on a regular basis.

Liquidity risk involves the risk of being unable to fund assets with the appropriate duration and rate-based liabilities, as well as the risk of not being able to meet unexpected cash needs. Liquidity planning and management are necessary to ensure the ability to fund operations cost-effectively and to meet current and future potential obligations such as loan commitments and unexpected deposit outflows. In this process, we focus on both assets and liabilities and on the manner in which they combine to provide adequate liquidity to meet our needs.

There are no known trends, commitments or events which are expected to result in a material change in our liquidity.

The Bank is required to maintain minimum levels of liquidity. For internal reporting purposes, the Bank uses policy minimums of 10.00% for its liquidity ratio. The liquidity ratio is the ratio of total liquidity sources to total assets. Liquidity sources include interest bearing deposits in banks and investment securities available for sale. The Bank exceeded these minimum ratios as of June 30, 2018 and December 31, 2017.

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 primary source of income. Net interest income is affected by changes in interest rates, the relationship between rates on interest bearing assets and liabilities, the impact of interest 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 Bank has established acceptable levels of interest rate risk as follows: Projected net interest income over the next twelve months will not be reduced by more than 15.00% given a change in interest rates of up to 200 basis points (+ or -). Projected net interest income over the next twenty-four months will not be reduced by more than 10.00% given a change in interest rates of up to 200 basis points (+ or -). The following table includes the Banks's net interest income sensitivity analysis.

**Interest Rate Sensitivity Analysis**

<b>Changes in Market Interest Rates  (Basis Points)</b>	<b>Rate Sensitivity As of June 30, 2018</b>	
	<b>Year 1</b>	<b>Year 2</b>
+200	3.45%	3.95%
-200	-9.38%	-10.79%

**Capital Resources**

Total stockholders' equity at June 30, 2018 was \$13.61 million. At December 31, 2017 total stockholders' equity was \$13.28 million. The \$329,000 net increase from December 31, 2017 to June 30, 2018 is the result of the combination of \$767,000 in net income partially offset by \$438,000 in cash dividends.

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At June 30, 2018, the Bank's internally determined measurement of sensitivity to interest rate movements as measured by a 200 basis point rise in interest rates scenario, increased the economic value of equity ("EVE") by 2.3% compared to an increase of 5.4% at December 31, 2017. The Bank is within its internal policy limits.

The bank regulatory agencies have established risk-based capital requirements for banks. These guidelines are intended to provide an additional measure of a bank's capital adequacy by assigning weighted levels of risk to asset categories. Banks are also required to systematically maintain capital against such "off-balance sheet" activities as loans sold with recourse, loan commitments, guarantees and standby letters of credit. These guidelines are intended to strengthen the quality of capital by increasing the emphasis on common equity and restricting the amount of loan loss reserves and other forms of equity such as preferred stock that may be included in capital.

Certain items such as goodwill and other intangible assets are deducted from total capital in arriving at the various regulatory capital measures such as Tier 1 capital and total risk based capital. BMB's objective is to maintain its current status and The State Bank of Townsend's current status as a "well-capitalized institution" as that term is defined by its regulators.

Under the terms of the guidelines, banks must meet minimum capital adequacy based upon both total assets and risk-adjusted assets. All banks are required to maintain a minimum ratio of total capital to risk-weighted assets of 8%, a minimum ratio of Tier I capital to risk-weighted assets of 6% and a minimum ratio of Tier 1 capital to average assets of 4% ("leverage ratio"). Adherence to these guidelines has not had an adverse impact on BMB.

Selected capital ratios for The State Bank of Townsend at June 30, 2018 and December 31, 2017 were as follows:

**Capital Ratios:**

	<b>Actual</b>		<b>For Basel III Phased-In Capital Adequacy Schedule</b>		<b>Excess</b>
	<b>Amount</b>	<b>Ratio</b>	<b>Amount</b>	<b>Ratio</b>	<b>Amount</b>
	<b>(Dollars in Thousands)</b>				
<b>As of June 30, 2018:</b>					
Tier I capital (to average assets)	\$12,788	11.65 %	\$4,390	4.00 %	\$ 8,398
Tier I common equity capital (to risk weighted assets)	12,788	14.12 %	4,075	4.50 %	8,713



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Tier I capital (to risk weighted assets)	12,788	14.12%	5,433	6.00%	7,355
Total risk-based capital (to risk-weighted assets)	13,373	14.77%	7,245	8.00%	6,128

**As of December 31, 2017:**

Tier I capital (to average assets)	\$12,735	11.40%	\$4,467	4.00%	\$ 8,268
Tier I common equity capital (to risk weighted assets)	12,735	15.41%	3,718	4.50%	9,017
Tier I capital (to risk weighted assets)	12,735	15.41%	4,958	6.00%	7,777
Total risk-based capital (to risk-weighted assets)	13,302	16.10%	6,610	8.00%	6,692

**Effects of Inflation and Changing Prices**

The Consolidated Financial Statements included in this proxy statement/prospectus 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 due to inflation. Unlike most industrial companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates generally have a more significant impact on the performance of a financial institution than the effects of general levels of inflation. Although interest rates do not necessarily move in the same direction or to the same extent as the prices of goods and services, increases in inflation generally have resulted in increased interest rates. In addition, inflation affects financial institutions' increased cost of goods and services purchased, the cost of salaries and benefits, occupancy expense, and similar items. Inflation and related increases in interest rates generally decrease the market value of investments and loans held and may adversely affect liquidity, earnings, and shareholders' equity. Commercial and other loan originations and refinancings tend to slow as interest rates increase, and can reduce our earnings from such activities.

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**Off-Balance Sheet Arrangements**

BMB generally does not have any off-balance sheet arrangements, other than approved and unfunded loans and letters and lines of credit to our customers in the ordinary course of business.

**Accounting Pronouncements**

Refer to Note 2 in BMB's Notes to Consolidated Financial Statements for a discussion on the effects of new accounting pronouncements.

Table of Contents**BENEFICIAL OWNERSHIP OF BMB COMMON STOCK BY  
MANAGEMENT AND PRINCIPAL SHAREHOLDERS OF BMB**

The following table sets forth the beneficial ownership of BMB common stock as of November 7, 2018 by: (i) each director and executive officer of BMB; and (ii) all directors and executive officers of BMB as a group. To BMB's knowledge, no shareholder of BMB beneficially owns more than 5% of the outstanding shares of BMB common stock except for the directors identified below.

Beneficial ownership is determined in accordance with the rules of the SEC, based on factors including voting and investment power with respect to shares. The percentage of beneficial ownership is calculated based upon 48,616 shares of BMB common stock issued and outstanding as of November 7, 2018. As of November 7, 2018, there were no outstanding options or other rights to acquire shares of BMB common stock.

In connection with the merger agreement, each director and executive officer of BMB entered into a company shareholder support agreement with Eagle by which such shareholders agreed to vote the shares of BMB owned by them in favor of the merger proposal, subject to the terms and conditions of such agreement.

Unless otherwise indicated, to BMB's knowledge, the persons or entities identified in the table below have sole voting and investment power with respect to all shares shown as beneficially owned by them.

<b>Name and Address of Beneficial Owner<sup>(1)</sup></b>	<b>Number of shares of BMB Common Stock Beneficially Owned</b>	<b>Percent of Outstanding Shares of BMB Common Stock</b>	
Directors:			
Wayne C. Edwards	8,800	18.1	%
Benjamin G. Ruddy <sup>(2)</sup>	1,313	2.7	
Craig A. Ekegren <sup>(4)</sup>	772	1.6	
J. William Kearns, Jr. <sup>(3)</sup>	6,307	13.0	
David T. Kearns	6,546	13.5	
Steven R. McCullough <sup>(3)</sup>	1,907	3.9	

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Robert Stephens	1,788	3.7
Steve E. Tesarek	24	*
Ted Vanover <sup>(3)</sup>	426	1.0
Joshua G. Webber	880	1.8
Executive Officers:		
Joni Carlton	495	1.0
All Directors and Executive Officers as a Group (11 individuals)	29,258	60.2

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\* Less than 1%

(1) The address of each of BMB's executive officers and directors is c/o Big Muddy Bancorp, Inc., 400 Broadway Street, Townsend, Montana 59644.

(2) Includes 1,309 shares held jointly.

(3) Held jointly with his spouse.

(4) Held through a revocable trust.

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**DESCRIPTION OF EAGLE CAPITAL STOCK**

The following is a description of our capital stock and a summary of the rights of our stockholders and provisions pertaining to indemnification of our directors and officers. You should also refer to our amended and restated certificate of incorporation and bylaws, which are incorporated by reference in this prospectus, and to Delaware law.

**General**

The Company has an authorized capitalization of 9,000,000 shares of capital stock, consisting of 8,000,000 shares of common stock, par value \$0.01 per share, and 1,000,000 shares of undesignated preferred stock, par value \$0.01 per share. As of November 7, 2018, we had a total of 270,107 shares of our common stock reserved and remaining to be issued for grants of options and restricted stock awards under our stock plans. As of November 7, 2018 there were 5,477,652 shares of common stock, and no shares of preferred stock outstanding. As of such date, there were 808 holders of record of common stock.

**Common Stock**

Subject to the prior or special rights of holders of shares of preferred stock:

*Dividends.* The holders of shares of common stock are entitled to any dividends that may be declared by our board of directors out of legally available funds;

*Liquidation, Dissolution or Winding Up.* In the event of a liquidation, dissolution or winding up of the Company, the holders of shares of our common stock are entitled upon liquidation to share ratably in all assets remaining after payment of liabilities and the satisfaction of the liquidation preferences of any outstanding shares of preferred stock;

*Redemption.* The holders of shares of our common stock are not subject to, or entitled to the benefits of, any redemption or sinking fund provision;

*Conversion.* No holder of common stock has the right to convert or exchange any such shares with or into any other shares of capital stock of the Company;

*Preemptive Rights.* No holder of common stock has preemptive rights; and

*Voting.* Each share of common stock entitles the holder thereof to one vote, in person or by proxy, on all matters submitted to a vote of stockholders generally. Voting is non-cumulative. The outstanding shares of our common stock are fully paid and non-assessable. Except as specifically provided in the Delaware General Corporation Law (the “DGCL”) or in the Company’s certificate of incorporation or bylaws, the affirmative vote required for stockholder action shall be that of a majority of the shares present in person or represented by proxy at the meeting (as counted for purposes of determining the existence of a quorum at the meeting). Directors are elected by a plurality of the votes cast in the election.

### **Preferred Stock**

Under Eagle’s amended and restated certificate of incorporation, its board of directors is authorized, without shareholder approval, to adopt resolutions providing for the issuance of up to 1,000,000 shares of preferred stock, par value \$0.01 per share. The preferred stock may be issued from time to time by our board of directors as shares of one or more classes or series. Subject to the provisions of our amended and restated certificate of incorporation and limitations prescribed by law, our board of directors is expressly authorized to adopt resolutions to issue the shares, to fix the number of shares, to change the number of shares constituting any series and to provide for or change the voting powers, designations, preferences and relative, participating, optional or other special rights, qualifications, limitations or restrictions thereof, including dividend rights (including whether dividends are cumulative), dividend rates, terms of redemption (including sinking fund provisions), redemption prices, conversion rights and liquidation preferences of the shares constituting any class or series of the preferred stock.

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The issuance of shares of preferred stock, or the issuance of rights to purchase shares of preferred stock, could be used to discourage an unsolicited acquisition proposal. For instance, the issuance of a series of preferred stock might impede a business combination by including class voting rights that would enable the holders to block such a transaction; or the issuance might facilitate a business combination by including voting rights that would provide a required percentage vote of the stockholders. In addition, under some circumstances, the issuance of preferred stock could adversely affect the voting power of the holders of the common stock. Although our board of directors is required to make any determination to issue preferred stock based on its judgment as to the best interests of our stockholders, the board of directors could act in a manner that would discourage an acquisition attempt or other transaction that some or a majority of the stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over the then market price of the stock. The board of directors does not currently intend to seek stockholder approval prior to any issuance of currently authorized stock, unless otherwise required by law or the rules of any market on which our securities are traded.

## **Transfer Agent and Registrar**

The transfer agent and registrar for Eagle common stock is Computershare Inc.

## **Certain Anti-Takeover Effects of Certain Provisions of the Company's Amended and Restated Certificate of Incorporation, Bylaws and the Delaware General Corporation Law**

The following discussion is a general summary of the material provisions of Eagle's amended and restated certificate of incorporation and bylaws and certain other regulatory provisions that may be deemed to have an "anti-takeover" effect. The following description of certain of these provisions is necessarily general and reference should be made in each case to the actual document or regulatory provision in question.

### ***Eagle's Amended and Restated Certificate of Incorporation and Bylaws***

Eagle's amended and restated certificate of incorporation and bylaws contain a number of provisions relating to corporate governance and rights of stockholders that might discourage future takeover attempts. As a result, stockholders who might desire to participate in such transactions may not have an opportunity to do so. In addition, these provisions will also render the removal of the board of directors or management of Eagle more difficult.

***Prohibition of Cumulative Voting.*** The amended and restated certificate of incorporation prohibits cumulative voting for the election of directors.

*Restrictions on Removing Directors from Office.* The amended and restated certificate of incorporation provides that directors may be removed only for cause, and only by the affirmative vote of the holders of at least 80% of the voting power of all of our then-outstanding common stock entitled to vote.

*Classified Board of Directors.* Eagle's amended and restated certificate of incorporation provides for a classified board to which approximately one-third of its board of directors is elected each year at its annual meeting of shareholders. Accordingly, Eagle's directors serve three-year terms rather than one-year terms. The classification of Eagle's board of directors has the effect of making it more difficult for shareholders to change the composition of its board of directors. At least two annual meetings of shareholders, instead of one, will generally be required to effect a change in a majority of Eagle's board of directors. Such a delay may help ensure that its directors, if confronted by a shareholder attempting to force a proxy contest, a tender or exchange offer, or an extraordinary corporate transaction, would have sufficient time to review the proposal as well as any available alternatives to the proposal and to act in what they believe to be the best interests of Eagle's shareholders. The classification provisions apply to every election of directors, however, regardless of whether a change in the composition of Eagle's board of directors would be beneficial to Eagle and its shareholders and whether or not a majority of its shareholders believe that such a change would be desirable.



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The classification of Eagle's board of directors could also have the effect of discouraging a third party from initiating a proxy contest, making a tender offer or otherwise attempting to obtain control of Eagle, even though such an attempt might be beneficial to Eagle and its shareholders. The classification of Eagle's board of directors could thus increase the likelihood that incumbent directors will retain their positions. In addition, because the classification of Eagle's board of directors may discourage accumulations of large blocks of its stock by purchasers whose objective is to take control of Eagle and remove a majority of its board of directors, the classification of its board of directors could tend to reduce the likelihood of fluctuations in the market price of its common stock that might result from accumulations of large blocks of its common stock for such a purpose. Accordingly, Eagle's shareholders could be deprived of certain opportunities to sell their shares at a higher market price than might otherwise be the case.

*Authorized but Unissued Shares.* Eagle has authorized but unissued shares of common and preferred stock. Eagle is authorized to issue preferred stock from time to time in one or more series subject to applicable provisions of law, and the board of directors is authorized to fix the designations, and relative preferences, limitations, voting rights, if any, including without limitation, offering rights of such shares (which could be multiple or as a separate class). In the event of a proposed merger, tender offer or other attempt to gain control of Eagle that the board of directors does not approve, it might be possible for the board of directors to authorize the issuance of a series of preferred stock with rights and preferences that would impede the completion of the transaction. An effect of the possible issuance of preferred stock therefore may be to deter a future attempt to gain control of Eagle. The board of directors has no present plan or understanding to issue any preferred stock.

*Amendments to Amended and Restated Certificate of Incorporation and Bylaws.* Amendments to the amended and restated certificate of incorporation must be approved by our board of directors and also by at least a majority of the outstanding shares of our voting stock; *provided, however*, that approval by at least 80% of the outstanding voting stock is generally required to amend the following provisions:

- (i) the applicability of Section 203 of the Delaware General Corporation Law;
- (ii) the division of the board of directors into three classes;
- (iii) the limitation on voting rights of persons who directly or indirectly beneficially own more than 10% of the outstanding shares of common stock;
- (iv) the indemnification of current and former directors and officers by Eagle;
- (v) the requirement of an 80% stockholder approval for business combination transactions with interested stockholders;

- (vi) the prohibition of stockholder action by written consent;
  - (vii) the requirement that the holders of at least 80% of the outstanding shares of common stock must vote to remove directors, and can only remove directors for cause;
  - (viii) the limitation of liability of officers and directors to Eagle for money damages; and
- the provision of the amended and restated certificate of incorporation requiring approval of at least 80% of the
- (ix) outstanding voting stock to amend the provisions of the amended and restated certificate of incorporation provided in (i) through (viii) of this list.

The amended and restated certificate of incorporation also provides that certain bylaws may be amended by the affirmative vote of a majority of our directors or by the stockholders and that specified provisions in the bylaws may only be amended by the stockholders by the affirmative vote of at least 80% of the total votes eligible to be voted at a duly constituted meeting of stockholders. Any amendment of this supermajority requirement for amendment of the bylaws would also require the approval of 80% of the outstanding voting stock.

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*Stockholder Vote Required to Approve Business Combinations with Principal Shareholders.* The amended and restated certificate of incorporation of Eagle requires the approval of the holders of at least 80% of Eagle's outstanding shares of voting stock to approve certain "Business Combinations," as defined therein, and related transactions. Under Delaware law, absent this provision, Business Combinations, including mergers, consolidations and sales of all or substantially all of the assets of a corporation must, subject to certain exceptions, be approved by the vote of the holders of only a majority of the outstanding shares of common stock of Eagle and any other affected class of stock. Under the amended and restated certificate of incorporation, at least 80% approval of stockholders is required in connection with any transaction involving an interested stockholder (as defined below) except (i) in cases where the proposed transaction has been approved in advance by a majority of those members of Eagle's board of directors who are unaffiliated with the interested stockholder and were directors prior to the time when the interested stockholder became an interested stockholder or (ii) if the proposed transaction meets certain conditions set forth in the amended and restated certificate of incorporation, which are designed to afford the stockholders a fair price in consideration for their shares in which case, if a stockholder vote is required, approval of only a majority of the outstanding shares of voting stock would be sufficient.

The term "interested stockholder" is defined to include any individual, corporation, partnership or other entity (other than Eagle or its subsidiary) which owns beneficially or controls, directly or indirectly, 15% or more of the outstanding shares of voting stock of Eagle. This provision of the amended and restated certificate of incorporation applies to any "Business Combination," which is defined to include (i) any merger, consolidation or share exchange of Eagle or any of its subsidiaries with or into any interested stockholder or affiliate of an interested stockholder; (ii) any sale, lease, exchange, mortgage, pledge, transfer, or other disposition to or with any interested stockholder or affiliate of assets of Eagle having an aggregate market value of 10% or more of either the aggregate market value of the total consolidated assets of Eagle or the aggregate market value of the outstanding stock of Eagle; (iii) the issuance or transfer to any interested stockholder or its affiliate by Eagle (or any subsidiary) of any securities of Eagle subject to certain exceptions; (iv) the adoption of any plan for the liquidation or dissolution of Eagle proposed by or on behalf of any interested stockholder or affiliate thereof; (v) any reclassification of securities, recapitalization, merger or consolidation of Eagle which has the effect of increasing the proportionate share of outstanding shares of common stock or any class of equity or convertible securities of Eagle owned directly or indirectly by an interested stockholder or affiliate thereof; (vi) any transaction involving Eagle or any subsidiary that has the effect of increasing the proportionate share of the stock of any class or securities convertible into stock of any class or series owned by the interested stockholder except for immaterial changes due to fractional share adjustments or as a result of stock repurchases not caused by the interested stockholder; and (vii) any receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through Eagle or any subsidiary.

Our board of directors believes that the provisions described above or below are prudent and will reduce our vulnerability to takeover attempts and certain other transactions that have not been negotiated with and approved by our board of directors. Our board of directors believes these provisions are in the best interests of Eagle and its stockholders. Our board of directors believes that it will be in the best position to determine the true value of Eagle and to negotiate more effectively for what may be in the best interests of its stockholders. Accordingly, our board of directors believes that it is in the best interests of Eagle and its stockholders to encourage potential acquirers to negotiate directly with the board of directors and that these provisions will encourage such negotiations and discourage hostile takeover attempts. It is also the view of our board of directors that these provisions should not discourage persons from proposing a merger or other transaction at a price reflective of the true value of Eagle and that is in the best interests of all stockholders.

Takeover attempts that have not been negotiated with and approved by our board of directors present the risk of a takeover on terms that may be less favorable than might otherwise be available. A transaction that is negotiated and approved by our board of directors, on the other hand, can be carefully planned and undertaken at an opportune time in order to obtain maximum value of Eagle for our stockholders, with due consideration given to matters such as the management and business of the acquiring corporation and maximum strategic development of Eagle's assets.

Despite our belief as to the benefits to stockholders of these provisions of Eagle's amended and restated certificate of incorporation and bylaws, these provisions may also have the effect of discouraging a future takeover attempt that would not be approved by our board of directors, but pursuant to which stockholders may receive a substantial premium for their shares over then current market prices. As a result, stockholders who might desire to participate in such a transaction may not have any opportunity to do so. Such provisions will also make it more difficult to remove our board of directors and management. Our board of directors, however, has concluded that the potential benefits outweigh the possible disadvantages.

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Pursuant to applicable law and, if required, following the approval by stockholders, we may adopt additional anti-takeover provisions in our amended and restated certificate of incorporation or other devices regarding the acquisition of our equity securities that would be permitted for a Delaware business corporation.

The cumulative effect of the restrictions on acquisition of Eagle contained in our amended and restated certificate of incorporation and bylaws and in Delaware law may be to discourage potential takeover attempts and perpetuate incumbent management, even though certain stockholders of Eagle may deem a potential acquisition to be in their best interests, or deem existing management not to be acting in their best interests.

*Delaware Corporate Law*

In addition, the state of Delaware has a statute designed to provide Delaware corporations, such as Eagle, with additional protection against hostile takeovers. The takeover statute, which is codified in Section 203 of the Delaware General Corporation Law is intended to discourage certain takeover practices by impeding the ability of a hostile acquiror to engage in certain transactions with the target company.

In general Section 203 provides that a “Person” who owns 15% or more of the outstanding voting stock of a Delaware corporation (referred to in Section 203 as an “Interested Shareholder”) may not consummate a merger or other business combination transaction with such corporation at any time during the three-year period following the date such “Person” became an Interested Shareholder. The term “business combination” is defined broadly to cover a wide range of corporate transactions including mergers, sales of assets, issuances of stock, transactions with subsidiaries and the receipt of disproportionate financial benefits.

The statute exempts the following transactions from the requirements of Section 203: (i) any business combination if, prior to the date a person became an Interested Shareholder, the board of directors approved either the business combination or the transaction which resulted in the shareholder becoming an Interested Shareholder; (ii) any business combination involving a person who acquired at least 85% of the outstanding voting stock in the transaction in which he became an Interested Shareholder, with the number of shares outstanding calculated without regard to those shares owned by the corporation’s directors who are also officers and by certain employee stock plans; (iii) any business combination with an Interested Shareholder that is approved by the board of directors and by a two-thirds vote of the outstanding voting stock not owned by the Interested Shareholder; and (iv) certain business combinations that are proposed after the corporation had received other acquisition proposals and which are approved or not opposed by a majority of certain continuing members of the board of directors. A corporation may exempt itself from the requirements of the statute by adopting an amendment to its certificate of incorporation or bylaws electing not to be governed by Section 203. At the present time, the board of directors does not intend to propose any such amendment.

***Bank Regulatory Requirements***

The Bank Holding Company Act requires any “bank holding company,” as defined in the Bank Holding Company Act, to obtain the approval of the FRB before acquiring 5% or more of our common stock. Any person, other than a bank holding company, is required to obtain the approval of the FRB before acquiring 25% or more of our voting stock and in certain circumstances, more than 10% of our voting stock. Under the Federal Change in Bank Control Act (the “Control Act”), a 60-day prior written notice must be submitted to the FRB if any person, or any group acting in concert, seeks to acquire 10% or more of any class of outstanding voting securities of a bank holding company, unless the FRB determines that the acquisition will not result in a change of control. Under the Control Act, the FRB has 60 days within which to act on such notice taking into consideration certain factors, including the financial and managerial resources of the acquirer, the convenience and needs of the community served by the bank holding company and its subsidiary banks and the antitrust effects of the acquisition.

**EXPERTS**

The consolidated financial statements of Big Muddy Bancorp, Inc. and subsidiaries as of and for the year ended December 31, 2017 have been audited by Moss Adams LLP, independent registered public accounting firm, as set forth in their report appearing in this proxy statement/prospectus. Such consolidated financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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The consolidated financial statements of Eagle Bancorp Montana, Inc. and subsidiaries for the year ended December 31, 2017, have been incorporated by reference herein in reliance upon the report of Eide Bailly LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing. The consolidated financial statements of Eagle Bancorp Montana, Inc. and subsidiaries for the year ended December 31, 2016, have been incorporated by reference herein in reliance upon the report of Davis Kinard & Co, PC, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

**LEGAL MATTERS**

The validity of the shares of Eagle common stock to be issued by Eagle in connection with the merger will be passed upon by Nixon Peabody LLP, Washington D.C.

**OTHER MATTERS**

No matters other than the matters described in this proxy statement/prospectus are anticipated to be presented for action at the special meeting, or at any adjournment or postponement of such meeting.

**DOCUMENTS INCORPORATED BY REFERENCE**

The SEC allows Eagle to “incorporate by reference” information in this proxy statement/prospectus. This means that Eagle can disclose important business and financial information to you by referring you to another document filed separately with the SEC. The information that Eagle incorporates by reference is considered to be part of this proxy statement/prospectus, and later information that Eagle files with the SEC will automatically update and supersede the information Eagle included in this proxy statement/prospectus. This document incorporates by reference the documents that are listed below that Eagle has previously filed with the SEC, except to the extent that any information contained in such filings is deemed “furnished” in connection with SEC rules.

Annual Report on Form 10-K for the year ended December 31, 2017, filed on March 13, 2018;

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018 and June 30, 2018, filed on May 10, 2018 and August 7, 2018, respectively.

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The information incorporated by reference into Part III of Eagle's Annual Report from Eagle's Proxy Statement for 2018 Annual Meeting, filed on March 13, 2018;

Current Reports on Form 8-K or Form 8-K/A, as applicable, filed on February 5, 2018, April 23, 2018, May 22, 2018, August 21, 2018, August 22, 2018, October 11, 2018 and October 24, 2018; and

The description of Eagle's common stock contained in Eagle's Registration Statement filed with the SEC pursuant to Section 12 of the Exchange Act, including any amendment or report filed for purposes of updating such description.

Eagle also incorporates by reference any future filings it makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this proxy statement/prospectus and before the BMB shareholder meeting. Any statement contained in this proxy statement/prospectus or in a document incorporated or deemed to be incorporated by reference in this proxy statement/prospectus is deemed to be modified or superseded to the extent that a statement contained herein or in any subsequently filed document that also is, or is deemed to be, incorporated by reference herein modified or superseded such statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this proxy statement/prospectus.

Documents incorporated by reference are available from Eagle without charge (except for exhibits to the documents unless the exhibits are specifically incorporated in the document by reference). You may obtain documents incorporated by following the instructions set forth under "*Where You Can Find More Information*":



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**Eagle Bancorp Montana, Inc.**

1400 Prospect Avenue

Helena, Montana 59601

Attn: Investor Relations

Telephone: (406) 442-3080

**To obtain timely delivery, you must make a written or oral request for a copy of such information by December 12, 2018.**

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**UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL INFORMATION**

The following unaudited pro forma combined financial information and explanatory notes are presented to show the impact of the proposed merger with BMB on our company's historical financial positions and results of operations under the purchase method of accounting. Under this method of accounting, the assets and liabilities of the company not surviving the merger are, as of the effective date of the merger, recorded at their respective fair values and added to those of the surviving corporation. The unaudited pro forma condensed combined financial information combines the historical financial information of Eagle and BMB at and for the six months ended June 30, 2018, and for the year ended December 31, 2017. The unaudited pro forma combined condensed balance sheet as of June 30, 2018 assumes the merger was consummated on that date. The unaudited pro forma combined consolidated condensed statements of income give effect to the merger as if the merger had been consummated at the beginning of each period presented.

The unaudited pro forma combined condensed financial information is presented for illustrative purposes only and is not necessarily indicative of the actual results that would have occurred if the merger had been consummated during the period or as of the date of which the pro forma data are presented, nor is it necessarily indicative of future results. The pro forma data do not reflect any potential benefits from potential cost savings or synergies expected to be achieved following the merger. The pro forma fair values for assets and liabilities are subject to change as result of final valuation analyses and include no adjustments for evaluation of credit risk, principally related to loans. In addition, the pro forma data assumes no changes to the combined capitalization, such as increases in long-term debt or the repurchase of shares issued in connection with the merger.

The unaudited pro forma combined condensed financial information is based on and should be read in conjunction with the historical consolidated financial statements and the related notes of Eagle, which are incorporated in this document by reference.

Table of Contents**Eagle and BMB****Unaudited Pro Forma Combined Condensed Balance Sheet****June 30, 2018**

The following unaudited pro forma combined condensed balance sheet combines the consolidated historical balance sheet of Eagle and BMB assuming the companies had been combined as of June 30, 2018 on a purchase accounting basis.

	Eagle Bancorp Montana, Inc. (In Thousands)	Big Muddy Bancorp, Inc.	Pro Forma Adjustments	Pro Forma Combined
Cash and due from banks (a)	\$7,583	\$6,070	\$ (1,160 )	\$ 12,493
Interest bearing deposits in banks	1,397	985		2,382
Securities available-for-sale	154,265	3,417		157,682
Federal Home Loan Bank and Federal Reserve Bank stock	4,559	147		4,706
Federal Reserve Bank stock	2,019	-		2,019
Investment in Eagle Bancorp Statutory Trust I	155	-		155
Mortgage loans held-for-sale	11,700	-		11,700
Loans receivable (b)	581,728	92,134	(2,303 )	671,559
Allowance for loan losses (c)	(6,150 )	(576 )	576	(6,150 )
Net loans	575,578	91,558	(1,727 )	665,409
Accrued interest and dividends receivable	3,668	1,166		4,834
Mortgage servicing rights, net	6,716	-		6,716
Premises and equipment, net (d)	27,969	2,471		30,440
Cash surrender value of life insurance	14,670	2,813		17,483
Real estate and other repossessed assets acquired in settlement of loans, net	457	91		548
Goodwill (e)	12,124	-	7,287	19,411
Core deposit intangible, net (f)	1,702	377	1,039	3,118
Deferred tax asset, net (g)	2,012	-	181	2,193
Other assets	253	236		489
Total assets	\$826,827	\$ 109,331	\$ 5,620	\$ 941,778
Deposit accounts:				
Noninterest bearing	\$ 133,736	\$ 29,067		\$ 162,803
Interest bearing	479,439	64,817		544,256
Total deposits	613,175	93,884	-	707,059
Accrued expenses and other liabilities	5,535	841		6,376
Federal Home Loan Bank advances and other borrowings	91,469	1,000		92,469
Other long-term debt less unamortized debt issuance costs	24,843	-		24,843

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Total liabilities	735,022	95,725	-	830,747
Preferred stock	-	-	-	-
Common stock (h)	57	49	(39 )	67
Additional paid-in capital (h)(i)	51,890	9,846	9,370	71,106
Unallocated common stock held by Employee Stock Ownership Plan	(559 )	-		(559 )
Treasury stock, at cost	(2,826 )	-		(2,826 )
Retained earnings (i)	44,862	3,709	(3,709 )	44,862
Net accumulated other comprehensive income (loss) (j)	(1,619 )	2	(2 )	(1,619 )
Total shareholders' equity	91,805	13,606	5,620	111,031
Total liabilities and shareholders' equity	\$826,827	\$109,331	\$ 5,620	\$941,778

See notes to the unaudited pro forma combined financial information.

Table of Contents**Eagle and BMB****Unaudited Pro Forma Combined Condensed Statement of Income****Six Months Ended June 30, 2018**

The following unaudited pro forma combined condensed statement of income combines the consolidated historical statement of income of Eagle and BMB assuming the companies had been combined as of January 1, 2018 on a purchase accounting basis.

	Eagle Bancorp Montana, Inc.	Big Muddy Bancorp, Inc.	Pro Forma Adjustments	Pro Forma Combined
	(Dollars in Thousands, Except Per Share Data)			
Interest and dividend income				
Interest and fees on loans (b)	\$ 14,734	\$ 2,758	\$ 360	\$ 17,852
Securities available-for-sale	2,010	25		2,035
Federal Home Loan Bank and Federal Reserve Bank dividends	153	2		155
Interest on deposits in banks (k)	35	82		117
Other interest income	1	-		1
Total interest and dividend income	16,933	2,867	360	20,160
Interest expense				
Deposits	920	125		1,045
Federal Home Loan Bank advances and other borrowings	652	-		652
Other long-term debt	704	-		704
Total interest expense	2,276	125	-	2,401
Net interest income	14,657	2,742	360	17,759
Loan loss provision (c)	526	218		744
Net interest income after loan loss provision	14,131	2,524	360	17,015
Total noninterest income	5,763	293		6,056
Total noninterest expense (l) (m) (n)	17,568	1,838	(353)	19,053
Income before income taxes	2,326	979	713	4,018
Income tax expense (o)	420	212	143	775
Net income	\$ 1,906	\$ 767	\$ 570	\$ 3,243
Basic earnings per share	\$ 0.35	\$ 15.78		\$ 0.51
Diluted earnings per share	\$ 0.35	\$ 15.78		\$ 0.50
Weighted average shares outstanding, basic	5,386,401	48,616	947,526	6,382,543
Weighted average shares outstanding, diluted	5,450,861	48,616	947,526	6,447,003

See notes to the unaudited pro forma combined financial information.



Table of Contents**Eagle and BMB****Unaudited Pro Forma Combined Condensed Statement of Income****Year Ended December 31, 2017**

The following unaudited pro forma combined condensed statement of income combines the consolidated historical statement of income of Eagle and BMB assuming the companies had been combined as of January 1, 2017 on a purchase accounting basis.

	Eagle Bancorp Montana, Inc.	Big Muddy Bancorp, Inc.	Pro Forma Adjustments	Pro Forma Combined
	(Dollars in Thousands, Except Per Share Data)			
Interest and dividend income				
Interest and fees on loans (b)	\$24,776	\$5,490	\$ 720	\$30,986
Securities available-for-sale	2,898	129		3,027
Federal Home Loan Bank and Federal Reserve Bank dividends	170	6		176
Trust preferred securities	4	-		4
Interest on deposits in banks (k)	7	145		152
Other interest income	5	-		5
Total interest and dividend income	27,860	5,770	720	34,350
Interest expense				
Deposits	1,553	222		1,775
Federal Home Loan Bank advances and other borrowings	1,217	-		1,217
Other long-term debt	1,324	-		1,324
Total interest expense	4,094	222	-	4,316
Net interest income	23,766	5,548	720	30,034
Loan loss provision (c)	1,228	386		1,614
Net interest income after loan loss provision	22,538	5,162	720	28,420
Total noninterest income	14,331	432		14,763
Total noninterest expense (l) (m) (n)	30,638	4,465	(703 )	34,400
Income before income taxes	6,231	1,129	1,423	8,783
Income tax expense (o)	2,128	340	285	2,753
Net income	\$4,103	\$789	\$ 1,138	\$6,030
Basic earnings per share	\$1.01	\$16.22		\$1.19
Diluted earnings per share	\$0.99	\$16.22		\$1.18
Weighted average shares outstanding, basic	4,074,231	48,655	947,487	5,070,373
Weighted average shares outstanding, diluted	4,132,590	48,655	947,487	5,128,732

See notes to the unaudited pro forma combined financial information.



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**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

**(all amounts are in thousands, except per share data, unless otherwise indicated)**

**Note 1—Basis of Pro Forma Presentation**

The unaudited pro forma combined balance sheet as of June 30, 2018 and the unaudited pro forma combined statements of income for the six months ended June 30, 2018 and the year ended December 31, 2017 are based on the historical financial statements of Eagle and BMB after giving effect to the completion of the merger and the assumptions and adjustments described in the accompanying notes. Such financial statements reflect estimated cost savings of \$1.1 million annually, but no revenue synergies expected to result from the merger, or the costs to achieve these cost savings or revenue synergies, or any anticipated disposition of assets that may result from the integration of operations.

The transaction will be accounted for under the acquisition method of accounting in accordance with Accounting Standards Codification (“ASC”) Topic 805, Business Combinations (“ASC 805”). In business combination transactions in which the consideration given is not in the form of cash (that is, in the form of non-cash assets, liabilities incurred, or equity interests issued), measurement of the acquisition consideration is based on the fair value of the consideration given or the fair value of the asset (or net assets) acquired, whichever is more clearly evident and, thus, a more reliable measure.

Under ASC 805, all of the assets acquired and liabilities assumed in a business combination are recognized at their acquisition at their acquisition-date fair value, while transaction costs and restructuring costs associated with the business combination are expensed as incurred. The excess of the acquisition consideration over the fair value of assets acquired and liabilities assumed, if any, is allocated to goodwill. Changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally affect income tax expense. Subsequent to the completion of the merger, Eagle and BMB will finalize an integration plan, which may affect how the assets acquired, including intangible assets, will be utilized by the combined company. For those assets in the combined company that will be phased out or will no longer be used, additional depreciation and possibly impairment charges will be recorded after management completes the integration plan.

The unaudited pro forma information is presented solely for informational purposes and is not necessarily indicative of the combined results of operations or financial position that might have been achieved for the periods or dates indicated, nor is it necessarily indicative of the future results of the combined company.

**Note 2—Preliminary Estimated Acquisition Consideration**

Had the BMB merger occurred on June 30, 2018, the preliminary estimated acquisition consideration is as follows:

	(In Thousands, Except Per Share Data)
Cash consideration	\$-
Shares to be issued:	996,142
Price per share at June 30, 2018	\$ 19.30
Stock consideration	19,226
Calculated purchase price	\$ 19,226

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Table of Contents**Note 3—Preliminary Estimated Acquisition Consideration Allocation**

Under the acquisition method of accounting, the total acquisition consideration is allocated to the acquired tangible and intangible assets and assumed liabilities of BMB based on the estimated fair values as of the closing of the merger. The excess of the acquisition consideration over the fair value of assets acquired and liabilities assumed, if any, is allocated to goodwill.

The allocation of the estimated acquisition consideration with regard to BMB is preliminary because the proposed merger has not yet been completed. The preliminary allocation is based on estimates, assumptions, valuations, and other studies which have not progressed to a stage where there is sufficient information to make a definitive allocation. Accordingly, the acquisition consideration allocation unaudited pro forma adjustments will remain preliminary until Eagle management determines the final acquisition consideration and the fair values of assets acquired and liabilities assumed. The final determination of the acquisition consideration allocation is anticipated to be completed as soon as practicable after the completion of the merger and will be based on the value of the Eagle common stock in accordance with the merger agreement. The final amounts allocated to assets acquired and liabilities assumed could differ significantly from the amounts presented in the unaudited pro forma combined consolidated financial statements.

The total preliminary estimated acquisition consideration as shown in the table above is allocated to BMB's tangible and intangible assets and liabilities as of June 30, 2018 based on their preliminary estimated fair values as follows.

	(In Thousands)
Cash and cash equivalents	\$ 5,895
Investment securities	3,417
Loans	89,831
OREO	91
Bank premises and equipment	2,471
Other assets	4,362
Deferred Tax Asset (Liability)	181
Intangible assets	1,416
Goodwill	7,287
Deposits	(93,884 )
Other borrowings	(1,000 )
Other liabilities	(841 )
<b>Total preliminary estimated acquisition consideration</b>	<b>\$ 19,226</b>

Approximately \$1,039,000 has been preliminary allocated to amortizable intangible assets acquired. The amortization related to the preliminary fair value of net amortizable intangible assets is reflected as a pro forma adjustment to the unaudited pro forma condensed combined financial statements.

*Identifiable intangible assets.* The preliminary fair values of intangible assets were determined based on the provisions of ASC 805, which defines fair value in accordance with ASC Topic 820, Fair Value Measurements and Disclosures (“ASC 820”). ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Intangible assets were identified that met either the separability criterion or the contractual-legal criterion described in ASC 805. The preliminary allocation to intangible assets is allocated to core deposit intangibles.

*Goodwill.* Goodwill represents the excess of the preliminary estimated acquisition consideration over the preliminary fair value of the underlying net tangible and intangible assets. Among the factors that contributed to a purchase price in excess of the fair value of the net tangible and intangible assets are the skill sets, operations, customer base and organizational cultures that can be leveraged to enable the combined company to build an enterprise greater than the sum of its parts. In accordance with ASC Topic 350, Intangibles — Goodwill and Other, goodwill will not be amortized, but instead will be tested for impairment at least annually and whenever events or circumstances have occurred that may indicate a possible impairment. In the event management determines that the value of goodwill has become impaired, the combined company will incur an accounting charge for the amount of the impairment during the period in which the determination is made.

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**Note 4—Preliminary Unaudited Pro Forma and Acquisition Accounting Adjustments**

The unaudited pro forma financial information is not necessarily indicative of what the financial position actually would have been had the merger been completed at the date indicated. Such information includes adjustments which are preliminary and may be revised. Such revisions may result in material changes. The financial position shown herein is not necessarily indicative of what the past financial position of the combined companies would have been, nor necessarily indicative of the financial position of the post-merger periods.

The following unaudited pro forma adjustments result from accounting for the merger, including the determination of fair value of the assets, liabilities, and commitments which Eagle, as the acquirer. The descriptions related to these preliminary adjustments are as follows.

*Balance Sheet –*

(a) Adjustment of \$1.2 million to cash to reflect seller and buyer expenses paid at closing.

A fair value discount of \$2.3 million to reflect the credit risk of the loan portfolio, net of any adjustment to reflect (b) fair values of loans based on current interest rates of similar loans. The adjustment will be substantially recognized over approximately 3.2 years using an amortization method based upon the expected life of the loans.

Reversal of The State Bank of Townsend's allowance for loan losses of \$.6 million in accordance with acquisition (c) method of accounting for the merger. No projected increase in loan loss provision is anticipated with the additional loans from The State Bank of Townsend included in the portfolio after the merger close.

An adjustment to reflect the fair value of bank premises and equipment cannot be estimated at this time. We do (d) anticipate that upon receipt of real estate appraisals and other valuation measures, that there will be an adjustment to record bank premises and equipment at fair value when the merger is completed.

(e) An adjustment to reflect the preliminary estimated goodwill of \$7.3 million as a result of this acquisition. As noted above, goodwill is created when the purchase price consideration exceeds the fair value of the assets acquired.

Adjustment to record the core deposit intangible associated with the merger of \$1.0 million. The fair value of this (f) asset and the related amortization uses an expected life of 10 years. The amortization of the core deposit intangible is expected to increase pro forma pre-tax noninterest expense by \$213,000 in the first year following consummation.

Adjusts the deferred tax assets resulting from the acquisition. The estimated increase in deferred tax asset of (g) \$181,000 stems primarily from the fair value adjustments and is preliminary and subject to change based on the final determination of the fair value of assets acquired and liabilities assumed.

Recognition of the equity portion of the merger consideration. The adjustment to common stock represents the \$.01 par value for the 996,142 shares of Eagle common stock issuable in the merger to the holders of BMB shares, (h) which rounded to \$10,000. BMB common stock of \$49,000 closes out upon the merger close. The BMB treasury stock will be closed out at the close. The adjustment to additional paid-in capital represents the amount of equity consideration above the par value of Eagle common stock issuable in the merger, the close out of BMB common stock, and the close out of BMB treasury stock.

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- (i) Adjustment to reflect the The State Bank of Townsend retained earnings closing out to additional paid-in capital.
- (j) Reflects an adjustment to eliminate the The State Bank of Townsend accumulated comprehensive income (loss) at the time of the merger closing.

*Income Statement – Six months ended June 30, 2018 and year ended December 31, 2017*

Deposits at other banks are expected to diminish thereby reducing the interest income. The reduced interest (k) income will be offset with reduced interest expense from other borrowings. The amounts are considered immaterial and are not adjusted.

(l) Estimated reduction of The State Bank of Townsend non-interest expenses is expected to be 25%, or \$1,116,000 annualized reduction.

(m) Represents amortization of core deposit premium. Premium will be amortized over 10 years using the sum-of-years digits method, or \$213,000 in the first year.

(n) Anticipated restructuring costs of \$200,000 are not expected in the first 6-months, but will be reflected within the first year following the close of the merger.

(o) Reflects the income tax effect of pro forma adjustments based on the estimated blended federal and state tax rate of 20%.

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**ALL DOLLAR AMOUNTS ARE IN THOUSANDS EXCEPT FOR PER SHARE AMOUNTS OR AS OTHERWISE SPECIFICALLY NOTED.**



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**Report of Independent Auditors**

Board of Directors and Stockholders

Big Muddy Bancorp, Inc.

**Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Big Muddy Bancorp, Inc. and its subsidiaries (Company), which comprise the consolidated statement of financial condition as of December 31, 2017, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of

the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Big Muddy Bancorp, Inc. and its subsidiaries as of December 31, 2017, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Spokane, Washington

November 1, 2018

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Table of Contents**Big Muddy Bancorp, Inc.****Consolidated Statement of Financial Condition  
Year Ended December 31, 2017**

	December 31, 2017
<b>ASSETS</b>	
Cash and due from banks	\$ 13,812,580
Cash items in process	1,204,287
Cash and cash equivalents	15,016,867
Interest bearing deposits at other institutions	1,475,000
Securities available for sale, at fair value	3,536,429
Other investments, at cost	157,699
Loans receivable	86,912,670
Allowance for loan losses	(566,998 )
Loans receivable, net	86,345,672
Premises and equipment, net	2,251,622
Accrued interest receivable	968,676
Other real estate owned and repossessed assets held for sale, net	91,220
Bank owned life insurance	2,782,962
Other assets	666,728
Total assets	\$ 113,292,875
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
Noninterest-bearing deposits	\$ 31,580,467
Interest-bearing deposits	67,393,704
Total deposits	98,974,171
Accrued interest payable	30,374
Accrued expenses and other liabilities	1,011,583
Total liabilities	100,016,128
<b>COMMITMENTS AND CONTINGENCIES (Note 9)</b>	
<b>STOCKHOLDERS' EQUITY</b>	
Common stock, par value \$1 per share, 100,000 shares authorized; 48,616 issued and outstanding	48,616

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Additional paid in capital	9,845,680
Retained earnings	3,379,655
Accumulated other comprehensive income	2,796
Total stockholders' equity	13,276,747
Total liabilities and stockholders' equity	\$113,292,875

See accompanying notes.

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Table of Contents**Big Muddy Bancorp, Inc.****Consolidated Statement of Income  
Year Ended December 31, 2017**

	Year Ended December 31, 2017
<b>INTEREST INCOME</b>	
Loans, including fees	\$5,489,758
Securities and cash equivalents	279,563
<b>Total interest income</b>	<b>5,769,321</b>
<b>INTEREST EXPENSE</b>	
Deposits	222,148
<b>Net interest income</b>	<b>5,547,173</b>
Provision for loan losses	386,020
<b>Net interest income after provision for loan losses</b>	<b>5,161,153</b>
<b>NONINTEREST INCOME (LOSS)</b>	
Overdraft & non-sufficient funds charges	131,313
Debit card fees	80,307
Loss on sale of assets	(15,854 )
Life insurance earnings	77,427
Other noninterest income	159,238
	432,431
<b>NONINTEREST EXPENSES</b>	
Salaries and benefits	2,550,067
Computer fees	353,184
Depreciation and maintenance	174,945
Data security/recovery	117,271
Occupancy	114,867
Accounting fees	94,227
Telephone	87,092
Director fees	63,000
Advertising & promotions	50,172
Legal fees	365,124

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Other	494,893
	4,464,842
Income before income tax expense	1,128,742
Income tax expense	339,665
Net income	\$789,077

See accompanying notes.

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**Big Muddy Bancorp, Inc.**

**Consolidated Statement of Comprehensive Income  
Year Ended December 31, 2017**

	Year Ended
	December 31, 2017
Net income	\$789,077
Other comprehensive loss	
Unrealized loss on securities available for sale, net of applicable income taxes benefit of \$3,976	(14,958 )
Reclassification adjustment for losses on securities available for sale included in net income, net of tax benefit of \$1,606	6,043
Comprehensive income	\$780,162

See accompanying notes.

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Table of Contents**Big Muddy Bancorp, Inc.****Consolidated Statement of Changes in Stockholders' Equity  
Year Ended December 31, 2017**

	Common Stock (Shares)	Total	Common Stock	Additional Paid in Capital	Retained Earnings	Other Accumulated Comprehensive Income (Loss)
Balance, December 31, 2016 (unaudited)	48,656	\$13,480,665	\$48,656	\$9,845,680	\$3,574,618	\$ 11,711
Net income	-	789,077	-	-	789,077	-
Dividends declared	-	(973,120 )	-	-	(973,120 )	-
Redemption of common stock	(40 )	(10,960 )	(40 )	-	(10,920 )	-
Other comprehensive loss	-	(8,915 )	-	-	-	(8,915 )
Balance, December 31, 2017	48,616	\$13,276,747	\$48,616	\$9,845,680	\$3,379,655	\$ 2,796

See accompanying notes.

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Table of Contents**Big Muddy Bancorp, Inc.****Consolidated Statement of Cash Flows  
Year Ended December 31, 2017**

	Year Ended
	December 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income	\$ 789,077
Adjustments to reconcile net income to net cash from operating activities	
Depreciation and amortization	131,454
Loss on sale of available for sale securities, net	7,649
Provision for loan losses	386,020
Deferred income tax benefit	238,842
Change in assets and liabilities	
Accrued interest receivable	247,194
Other assets	(502,614 )
Other liabilities	267,110
Accrued interest payable	(4,116 )
Net cash from operating activities	1,560,616
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of securities available for sale	(4,453,952 )
Sales of securities available for sale	11,228,383
Calls, maturities, and repayments of securities available for sale	2,085,140
Purchases of deposits at other financial institutions	(735,000 )
Proceeds from maturities of deposits at other financial institutions	2,450,000
Purchase of Federal Home Loan Bank stock	(24,774 )
Redemption of Federal Reserve Bank stock	120,000
Net increase in loans	(7,701,968 )
Purchases of premises and equipment	(378,407 )
Net cash from investing activities	2,589,422
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net decrease in deposits	(7,665,513 )
Cash dividends paid	(973,120 )
Redemption of common stock	(10,960 )
Net cash from financing activities	(8,649,593 )

NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,499,555 )
CASH AND CASH EQUIVALENTS, beginning of year (unaudited)	19,516,382
CASH AND CASH EQUIVALENTS, end of year	\$ 15,016,867

See accompanying notes.

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**Big Muddy Bancorp, Inc.**

**Consolidated Statement of Cash Flows  
Year Ended December 31, 2017**

	Year Ended
	December 31, 2017
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>	
Cash paid during the year for Interest on deposits	\$ 226,264
Income tax	\$ 313,290
Noncash operating activities	
Acquisition of other real estate owned assets	\$ 91,220

See accompanying notes.

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Table of Contents

**Big Muddy Bancorp, Inc.**

**Notes to Consolidated Financial Statements**

**December 31, 2017**

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**Note 1 – Summary of Significant Accounting Policies**

**Basis of presentation and consolidation** – The consolidated financial statements include the accounts of Big Muddy Bancorp, Inc. (Company) and its wholly owned subsidiary, The State Bank of Townsend (Bank). During 2017, Dutton State Bank and The State Bank of Townsend began operating as one bank under the name The State Bank of Townsend. Prior to this, Dutton State Bank was a wholly owned subsidiary of the Company. All material intercompany balances and transactions have been eliminated in consolidation. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

**Nature of business** – The Bank is a state chartered commercial bank under the laws of the state of Montana, and provides banking services in the state of Montana. The Bank is subject to competition from other financial institutions, as well as nonfinancial intermediaries. The Company and the Bank are also subject to regulations of certain federal and state agencies and undergo periodic examinations by those regulatory agencies.

**Business combinations** – Business combinations are accounted for using the acquisition method of accounting. Under the acquisition method of accounting, assets acquired and liabilities assumed are recorded at estimated fair value at the date of acquisition. Any difference in purchase consideration over the fair value of assets acquired and liabilities assumed results in recognition of goodwill should purchase consideration exceed net estimated fair values, or a bargain purchase gain should estimated fair values exceed purchase consideration. Expenses incurred in connection with a business combination are expensed as incurred. Changes in deferred tax asset valuation allowances and acquired tax uncertainties after the measurement period are recognized in net income. On December 31, 2016, the Company acquired S.B.T. Financial, Inc., and its wholly owned subsidiary, The State Bank of Townsend. This acquisition was consistent with the Company's strategic plan to grow through acquisitions.

**Use of estimates** – The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of certain assets and liabilities as of the date of the statement of financial condition and certain revenues and expenses for the period. Actual results could differ, either positively or negatively, from those estimates. The material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for loan losses and recognition of deferred income taxes and liabilities.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral dependent loans, or performs a discounted cash flow analysis to determine the net realizable value.

Management believes the allowance for loan losses is adequate. While management uses currently available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in economic conditions. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses. Such agencies may require the Bank to recognize additions to the allowances based on their judgments of information available to them at the time of their examination.

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**Big Muddy Bancorp, Inc.**

**Notes to Consolidated Financial Statements**

**December 31, 2017**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

Deferred income tax benefits and liabilities are valued using current federal and state income tax rates. Actual recognition of these deferred tax assets and liabilities will be affected by the actual future tax rates applicable to when the assets and liabilities become current tax items.

**Cash and due from banks** – Cash and due from banks consists of vault cash, cash items in the process of collection, and deposits with financial institutions. The Bank considers cash and due from banks as cash equivalents.

For the purposes of reporting cash flows, cash and cash equivalents include cash on hand and amounts due from banks.

**Interest-bearing deposits at other financial institutions** – Interest-bearing deposits are comprised of money market accounts and certificates of deposit with other institutions. These deposits may, at times, exceed the Federal Deposit Insurance Corporation (FDIC) insured amount of \$250,000.

**Securities available for sale** – For securities designated as available for sale, unrealized holding gains and losses, net of tax, are reported as a net amount in accumulated other comprehensive income. Gains and losses on the sale of securities available for sale are determined using the specific-identification method.

Premiums and discounts are recognized in interest income using the constant yield method.

**Other investments** – The Bank holds stock in the Federal Home Loan Bank (FHLB). FHLB stock is a required investment for institutions that are members of the FHLB. The required investment in the common stock is based on a predetermined formula and is carried at cost on the statements of financial condition. The Bank reviews for

impairment based on the ultimate recoverability of the cost basis in the stock. Both cash and stock dividends are recognized as income.

**Loans receivable** – Loans receivable that management has the intent and ability to hold for the foreseeable future, or until maturity or pay off are reported at their outstanding principal adjusted for any charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest on loans is calculated by using the simple-interest method on daily balances of the principal amount outstanding.

The accrual of interest on impaired loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due or the loan has been in default for a period of 90 days or more. Loans that are in default over 90 days may continue to accrue interest if the loan is well collateralized and in the process of collection. Thereafter, no interest is taken into income unless received in cash or until such time as the borrower demonstrates the ability to resume payments of principal and interest.

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash basis or cost recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

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**Big Muddy Bancorp, Inc.**

**Notes to Consolidated Financial Statements**

**December 31, 2017**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

**Troubled debt restructurings** – Loans may occasionally be restructured due to economic or legal reasons relating to the borrower’s financial condition by granting a concession in attempt to protect the investment. Examples of such concessions include forgiveness of principal or accrued interest, extending the maturity date(s), or providing a lower than market interest rate that would normally not be available for a transaction of similar risk. This generally occurs when the financial condition of the borrower needs to be given temporary or permanent relief from the original contractual terms of the loan. A loan restructured in a troubled debt restructuring is an impaired loan and is accounted for as such.

**Allowance for loan losses** – The allowance for loan losses is maintained at a level sufficient to provide for estimated losses based on an evaluation of known and inherent risks in the loan portfolio and management’s continuing analysis of the factors underlying the quality of the loan portfolio. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is based upon factors and trends identified by management at the time financial statements are prepared. Although management uses the best information available, future adjustments to the allowance may be necessary due to economic, operating, regulatory, and other conditions beyond management’s control.

The adequacy of general and specific reserves is based on a continuing evaluation of the pertinent factors underlying the quality of the loan portfolio, including changes in the size and composition of the loan portfolio, delinquency rates, actual loan loss experience, and current economic conditions, as well as individual review of certain large balance loans. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Larger balance nonhomogeneous loans are individually evaluated for impairment.

Loans are considered impaired when, based on current information and events, management determines that it is probable the Bank will be unable to collect all amounts due according to the contractual terms of the loan agreement.



Factors involved in determining impairment include, but are not limited to, the financial condition of the borrower, the value of the underlying collateral, and the current status of the economy. Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as a practical expedient, at the loan's observable market price or the fair value of collateral if the loan is collateral dependent. Subsequent changes in the value of impaired loans are included within the provision for loan losses in the same manner in which impairment initially was recognized or as a reduction in the provision that would otherwise be reported.

Management believes the estimates and assumptions used in the determination of the adequacy of the allowance for loan losses are reasonable.

**Other real estate owned and repossessed assets, held for sale** – Other real estate owned is acquired through foreclosure or deeds in lieu of foreclosure and is stated at the lower of cost or estimated fair value less cost to sell. When the property is acquired, any excess of the loan balance over the estimated fair value less cost to sell is charged to the allowance for loan losses. Holding costs, subsequent valuation adjustments to fair value less cost to sell, if any, or any disposition gains or losses are included in noninterest income and expenses. Costs of development and improvement to the property are capitalized. Operating costs after acquisition are expensed.

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**Big Muddy Bancorp, Inc.**

**Notes to Consolidated Financial Statements  
December 31, 2017**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

**Bank owned life insurance** – The Bank has purchased life insurance policies on certain key executives. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

**Premises and equipment** – Premises and equipment are stated at cost less accumulated depreciation and amortization over estimated useful lives, which range from 3 to 7 years for equipment, or up to 39 years for buildings. Depreciation and amortization expense is computed using the straight-line method for financial statement purposes. Accelerated depreciation methods are used for federal income tax purposes. Normal costs of maintenance and repairs are charged to expense as incurred.

**Intangibles** – Intangibles consist of core deposit intangible assets. Identifiable intangibles with definite lives are amortized over the 10-year period benefited and periodically reviewed for impairment. Amortization of intangible assets is included in other noninterest expense. Core deposit intangibles were recognized at the time of acquisition of S.B.T. Financial, Inc. and are based on valuations performed. If the estimated fair value is less than the carrying value, the core deposit intangible would be reduced to such value and the impairment recognized as noninterest expense. The core deposit intangible is included in other assets on the statement of financial condition. The Company did not recognize impairment on its core deposit intangibles for the year ended December 31, 2017.

**Advertising** – Advertising costs are charged to noninterest expense when incurred.

**Income taxes** – Deferred income taxes are computed using the asset and liability approach whereby deferred tax assets and liabilities are recorded for temporary differences between the financial reporting basis and the income tax basis of the Bank's assets and liabilities using enacted tax rates expected to be in effect when such amounts are realized or settled.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion of the deferred tax assets will not be realized. Management considers, among other things, the scheduled reversal of deferred tax liabilities, projected future taxable income, tax planning strategies, and positions taken by taxing authorities on the various issues related to the deductibility of certain costs in making this assessment.

The Bank recognizes and measures uncertain tax positions using a “more-likely-than-not” approach. The Bank’s approach consisted of an examination of its financial statements, its income tax provision, and its federal and state income tax returns. The Bank analyzed its tax positions including the permanent and temporary differences, as well as the major components of income and expense. As of December 31, 2017, the Bank did not believe it had any uncertain tax positions that would rise to the level of having a material effect on its financial statements.

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**Big Muddy Bancorp, Inc.**

**Notes to Consolidated Financial Statements**

**December 31, 2017**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

**Comprehensive income** – Accounting principles generally require recognized revenue, expenses, gains, and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on securities available for sale, are reported as separate components of the equity section of the balance sheets, such items, along with net income, are components of comprehensive income.

**Transfer of financial assets** – Transfers of an entire financial asset, a group of financial assets, or a participating interest in an entire financial asset, are accounted for as sales when control has been relinquished. Control is deemed to be surrendered when the assets have been isolated from the Bank, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

**Subsequent events** – Subsequent events are events or transactions that occur after the date of the statement of financial condition but before the financial statements are available to be issued. The Bank recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial condition, including the estimates inherent in the process of preparing of the financial statements. The Bank's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial condition but arose after the date of the statement of financial condition and before the financial statements are available to be issued.

On August 21, 2018, Eagle Bancorp Montana, Inc. (Eagle) and Eagle's wholly owned subsidiary, Opportunity Bank of Montana, a Montana chartered commercial bank (Opportunity Bank), entered into an Agreement and Plan of Merger (the Merger Agreement) with Big Muddy Bancorp, Inc., a Montana corporation (Big Muddy Bancorp), and Big Muddy Bancorp's wholly owned subsidiary, The State Bank of Townsend, a Montana chartered commercial bank (Bank). The Merger Agreement provides that, upon the terms and subject to the conditions set forth in the Merger Agreement, Big Muddy Bancorp, Inc. will merge with and into Eagle, with Eagle continuing as the surviving corporation (the Merger). Immediately following the effective time of the Merger, The State Bank of Townsend is expected to merge into Opportunity Bank, with Opportunity Bank continuing as the surviving Bank.

The Bank has evaluated subsequent events through November 1, 2018, which is the date the financial statements are available to be issued.

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**Big Muddy Bancorp, Inc.**

**Notes to Consolidated Financial Statements**

**December 31, 2017**

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**Note 2 – Recently Issued Accounting Pronouncements**

Revenue from Contracts with Customers (Topic 606) – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which creates Topic 606 and supersedes Topic 605, *Revenue Recognition*. Subsequent to the issuance of ASU 2014-09, FASB issued ASU 2016-10 in April 2016 and issued ASU 2016-12 in May 2016. Both of these ASUs amend or clarify aspects of Topic 606. The core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In general, the new guidance requires companies to use more judgment and make more estimates than under current guidance, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. This ASU will be effective for fiscal years beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures.

*Leases (Topic 842)* – In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this ASU require lessees to recognize the following for all leases (with the exception of short-term) at the commencement date; a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. The amendments in this ASU leave lessor accounting largely unchanged, although certain targeted improvements were made to align lessor accounting with the lessee accounting model.

This ASU simplifies the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted upon issuance. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. The Company is evaluating the effect that ASU 2016-02 will have on its consolidated financial statements and related disclosures.

*Financial Instruments – Credit Losses (Topic 316)* – In June 2016, FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. Current accounting principles generally accepted in the United States of America (GAAP) requires an “incurred loss” methodology for recognizing credit losses that delays recognition until it is probable a loss has been incurred. The main objective of this ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The ASU affects loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial asset not excluded from the scope that have the contractual right to receive cash.

Table of Contents**Big Muddy Bancorp, Inc.****Notes to Consolidated Financial Statements****December 31, 2017****Note 2 – Recently Issued Accounting Pronouncements (continued)**

The ASU replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This ASU requires a financial asset (or group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The measurement of expected credit losses will be based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. This ASU broadens the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually. The use of forecasted information incorporates more timely information in the estimate of expected credit loss, which will be more decision useful to users of the financial statements. This ASU will be effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. The Company is evaluating the effect that ASU 2016-13 will have on its consolidated financial statements and related disclosures.

**Note 3 – Investments**

Securities held by the Bank have been classified in the consolidated statements of financial condition according to management's intent. All securities were classified as available for sale as of December 31, 2017.

The amortized cost of securities and their approximate fair values were as follows:

	December 31, 2017			
Securities available for sale	Amortized Cost	Gross Unrealized	Gross Unrealized	Fair Value



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	Gains		Losses	
U.S. agencies	\$2,004,637	\$ -	\$ (17,460 )	\$1,987,177
Mortgage-backed securities	3,392	96	-	3,488
Municipal securities	1,538,589	8,493	(1,318 )	1,545,764
	\$3,546,618	\$ 8,589	\$ (18,778 )	\$3,536,429

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Table of Contents**Big Muddy Bancorp, Inc.****Notes to Consolidated Financial Statements****December 31, 2017****Note 3 – Investments (continued)**

The scheduled maturities of debt securities at December 31, 2017, by contractual maturity, are shown below:

	Available for Sale	
	Amortized Cost	Estimated Fair Value
Maturing in less than one year	\$1,338,170	\$1,334,675
Maturing in one to five years	2,205,056	2,198,266
Maturing in five to ten years	-	-
Maturing after ten years	-	-
	3,543,226	3,532,941
Mortgage-backed securities	3,392	3,488
	\$3,546,618	\$3,536,429

As of December 31, 2017, there were eight securities available for sale with unrealized losses. The following tables show the investments' gross unrealized losses and fair values, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

Securities available for sale	December 31, 2017		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. agencies	\$1,484,675	\$(14,457 )	\$496,710	\$(3,003 )	\$1,981,385	\$(17,460 )

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Municipal	317,893	(516 )	473,022	(802 )	790,915	(1,318 )
	\$1,802,568	\$(14,973 )	\$969,732	\$(3,805 )	\$2,772,300	\$(18,778 )

Management has evaluated the above securities and does not believe that any individual unrealized loss as of December 31, 2017, represents an other-than-temporary impairment (OTTI). Unrealized losses have not been recognized into income because management does not intend to sell the securities and it is likely that management will not be required to sell the securities prior to the anticipated recovery. The decline in fair market value is largely due to changes in interest rate market conditions rather than the underlying credit quality of the issuers. The fair value is expected to recover as the underlying securities in the portfolio approach the maturity date and market conditions improve.

There were 31 sales of securities for the year ended December 31, 2017, with total proceeds of approximately \$11 million. Gross gains totaled \$440 and gross losses totaled \$8,089 for the year ended 2017.

Securities pledged to United Bankers' Bank totaled approximately \$423,000 for the year ended December 31, 2017.

Table of Contents**Big Muddy Bancorp, Inc.****Notes to Consolidated Financial Statements****December 31, 2017**

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**Note 4 – Loans Receivable and Allowance for Loan Losses**

Major classifications of loans at December 31, 2017 are as follows:

Agricultural production	\$23,071,342
Nonfarm, nonresidential commercial real estate	20,357,655
Farmland	14,165,036
Commercial and industrial	13,490,037
Residential real estate	13,274,873
Other	2,578,673
	86,937,616
Net deferred fees	(24,946 )
Allowance for loan losses	(566,998 )
	\$86,345,672

Loan balances include deposit overdraft accounts totaling \$87,151 at December 31, 2017.

The interest rates on loans fall into the following fixed and variable components at December 31, 2017:

Fixed	\$28,591,611
Variable	58,346,005
	\$86,937,616

Total loans consist of originated loans and acquired nonimpaired loans. The following table summarizes the balances for each respective loan category as of December 31, 2017:

	Originated	Acquired Nonimpaired	Total
Agricultural production	\$19,702,972	\$3,368,370	\$23,071,342
Nonfarm, nonresidential commercial real estate	14,339,920	6,017,735	20,357,655
Farmland	7,957,959	6,207,077	14,165,036
Commercial and industrial	11,258,445	2,231,592	13,490,037
Residential real estate	10,234,008	3,040,865	13,274,873
Other	2,109,430	469,243	2,578,673
	\$65,602,734	\$21,334,882	\$86,937,616

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Table of Contents**Big Muddy Bancorp, Inc.****Notes to Consolidated Financial Statements****December 31, 2017**

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**Note 4 – Loans Receivable and Allowance for Loan Losses (continued)**

*Acquired nonimpaired loans* – The Company acquired certain non-impaired loans as part of the acquisition with S.B.T. Financial, Inc. The unpaid principal balance and carrying value of these loans at December 31, 2017, are as follows:

	Unpaid Principal Balance	Carrying Value
Agricultural production	\$3,387,498	\$3,368,370
Nonfarm, nonresidential commercial real estate	6,023,493	6,017,735
Farmland	6,461,148	6,207,077
Commercial and industrial	2,215,659	2,231,592
Residential real estate	3,042,128	3,040,865
Other	484,085	469,243
	\$21,614,011	\$21,334,882

Table of Contents**Big Muddy Bancorp, Inc.****Notes to Consolidated Financial Statements****December 31, 2017****Note 4 – Loans Receivable and Allowance for Loan Losses (continued)**

The following tables summarize activity related to the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of December 31, 2017:

	Agricultural Production	Nonfarm, Nonresidential Commercial Real Estate	Farmland	Commercial and Industrial	Residential Real Estate	Other	Total
Allowance for loan losses							
Beginning balance	\$251,038	\$60,371	\$28,641	\$163,145	\$55,836	\$19,325	\$578,356
Charge-offs	(52,068 )	-	-	(351,375 )	-	(5,929 )	(409,372 )
Recoveries	1,694	-	-	3,659	-	6,641	11,994
Provision (recapture)	10,763	52,075	(3,324 )	323,605	4,879	(1,978 )	386,020
Ending balance	\$211,427	\$112,446	\$25,317	\$139,034	\$60,715	\$18,059	\$566,998
Ending balance individually evaluated for impairment	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Ending balance collectively evaluated for impairment	211,427	112,446	25,317	139,034	60,715	18,059	566,998

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Loans

Ending balance	23,071,342	20,357,655	14,165,036	13,490,037	13,274,873	2,578,673	86,937,616
Ending balance individually evaluated for impairment	2,175,439	70,943	63,069	45,431	-	986	2,355,868
Ending balance collectively evaluated for impairment	20,895,903	20,286,712	14,101,967	13,444,606	13,274,873	2,577,687	84,581,748

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Table of Contents**Big Muddy Bancorp, Inc.****Notes to Consolidated Financial Statements****December 31, 2017****Note 4 – Loans Receivable and Allowance for Loan Losses (continued)**

The following tables summarize impaired loans by loan class as of December 31, 2017:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded					
Agricultural production	\$2,175,439	\$2,175,439	\$ -	\$1,869,959	\$ 51,604
Nonfarm, nonresidential commercial real estate	70,943	70,943	-	70,943	-
Farmland	63,069	63,069	-	63,069	-
Commercial and industrial	45,431	45,431	-	42,943	-
Residential real estate	-	-	-	-	-
Other	986	986	-	1,308	78
	2,355,868	2,355,868	-	2,048,222	51,682
With an allowance recorded					
Agricultural production	-	-	-	-	-
Nonfarm, nonresidential commercial real estate	-	-	-	-	-
Farmland	-	-	-	-	-
Commercial and industrial	-	-	-	-	-
Residential real estate	-	-	-	-	-
Other	-	-	-	-	-
	-	-	-	-	-
Total					
Agricultural production	2,175,439	2,175,439	-	1,869,959	51,604
Nonfarm, nonresidential commercial real estate	70,943	70,943	-	70,943	-
Farmland	63,069	63,069	-	63,069	-
Commercial and industrial	45,431	45,431	-	42,943	-
Residential real estate	-	-	-	-	-
Other	986	986	-	1,308	78
	\$2,355,868	\$2,355,868	\$ -	\$2,048,222	\$ 51,682

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Loans on nonaccrual status by loan class as of December 31, 2017, are as follows:

Agricultural production	\$ 160,806
Nonfarm, nonresidential commercial real estate	110,868
Farmland	238,845
Commercial and industrial	116,067
Other	1,740
	\$628,326

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Table of Contents**Big Muddy Bancorp, Inc.****Notes to Consolidated Financial Statements****December 31, 2017****Note 4 – Loans Receivable and Allowance for Loan Losses (continued)**

**Troubled debt restructurings** – Loans may occasionally be restructured due to economic or legal reasons relating to the borrower’s financial condition by granting a concession in attempt to protect the investment.

The recorded investment in restructured loans at December 31, 2017, was as follows:

Accruing	
Restructured	
Loans	
Agricultural production	\$ 346,497

The following were troubled debt restructured loans during the year ended December 31, 2017:

	Number of contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled debt restructurings during the period			
Agricultural production	2	\$ 346,497	\$ 346,497

There were no troubled debt restructured loans that defaulted within 12 months of modification.

The Bank may offer a variety of modifications to borrowers. The modification categories offered can generally be described in the following categories:

*Rate modification* – A modification in which the interest rate is changed.

*Term modification* – A modification in which the maturity date, timing of payments, or frequency of payments is changed.

*Interest-only modification* – A modification in which the loan is converted to interest-only payments for a period of time.

*Payment modification* – A modification in which the dollar amount of the payment is changed, other than a modification described above.

*Combination modification* – Any other type of modification, including the use of multiple categories above.

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**Big Muddy Bancorp, Inc.**

**Notes to Consolidated Financial Statements**

**December 31, 2017**

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**Note 4 – Loans Receivable and Allowance for Loan Losses (continued)**

**Credit quality indicators** – The Bank utilizes internal risk ratings for its credit quality indicators. The Bank categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The internal risk ratings (1) provide a basis for evaluating, monitoring, and reporting the overall quality of the loan portfolio, (2) promptly identify deterioration of loan quality and the need for remedial action, and (3) emphasize areas requiring upgrading of policies, procedures, or documentation.

The internal risk ratings are as follows:

**Pass (1)** – Credits in this category are secured by liquid in-house collateral, such as a Certificate of Deposit.

**Pass (2)** – Credits in this category are secured by liquid collateral, such as stocks, bonds, or excessive real estate values. Also included in this category is exceptional loans with CPA reviewed or audited financial statements.

**Pass (3)** – These loans are of acceptable quality and are performing in terms of the agreement. These loans have no apparent weaknesses, demonstrate sufficient liquidity, and have sound debt service ability. The credit is adequately protected by the current sound worth and paying capacity of the borrower and of the collateral (if any).

**Special mention/watch (4)** – These loans are currently protected but have potential weaknesses, which if not checked or corrected may weaken the asset or inadequately protect the Bank's credit position at some future date. Situations surrounding this classification may include:

Improper management supervision due to inadequate loan agreements, condition and control of the collateral, failure to obtain proper documentation, or other deviations from lending practices.

Economic or market conditions that may affect the borrower's ability to perform in terms of the agreement, or may impact the Bank's collateral position.

Adverse trends in the borrower's operations or an unbalanced position in the financial statements, which has not yet reached a point where the retirement of debt is jeopardized.

**Substandard (5)** – These loans are inadequately protected by the current sound worth and paying capacity of the borrower, or the collateral pledged (if any). These loans have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the bank will sustain some loss if the deficiencies are not corrected. Loss potential, while existing in the aggregate amount of the substandard assets, does not have to exist in the individual loans classified as substandard.

Table of Contents**Big Muddy Bancorp, Inc.****Notes to Consolidated Financial Statements****December 31, 2017****Note 4 – Loans Receivable and Allowance for Loan Losses (continued)**

**Doubtful (6)** – Loans classified as doubtful have all the weaknesses inherent in loans classified substandard with the added characteristic that, with the existing facts, conditions, and values, the weaknesses make collection or liquidation in full highly questionable and improbable. The possibility of loss is extremely high but because of certain important and reasonable specific pending factors, which may work to the advantage and strengthening of the asset, it's classification as an estimated loss is deferred until a more exact status may be determined. Pending factors include proposed merger, acquisition, or liquidation procedures, capital injection, perfecting liens on additional collateral, and refinancing plans.

**Loss (7)** – Loans classified as loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not necessarily mean that the assets has absolutely no recovery of salvage value, but rather it is not practical or desirable to defer writing of this basically worthless asset even though partial recovery may occur in the future.

The following table summarizes our internal risk rating by loan class as of December 31, 2017:

	Pass (Risk Rated 1–3)	Special Mention	Substandard	Doubtful	Total
Agricultural production	\$ 19,279,291	\$ 1,538,895	\$ 2,092,350	\$ 160,806	\$ 23,071,342
Nonfarm, nonresidential commercial real estate	19,921,811	324,976	-	110,868	20,357,655
Farmland	8,531,285	2,353,136	3,041,770	238,845	14,165,036
Commercial and industrial	13,091,404	45,087	237,479	116,067	13,490,037
Residential real estate	11,541,261	1,669,572	64,040	-	13,274,873
Other	2,530,745	14,338	31,850	1,740	2,578,673
	\$ 74,895,797	\$ 5,946,004	\$ 5,467,489	\$ 628,326	\$ 86,937,616

The following table presents an aging of loans by class as of December 31, 2017:

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	30–59 Days Past Due	60–89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total Loans Receivable	Recorded Investment > 90 Days and Accruing
Agricultural production	\$278,800	\$-	\$227,564	\$506,364	\$22,564,978	\$23,071,342	\$ 227,564
Nonfarm, nonresidential commercial real estate	-	229,860	-	229,860	20,127,795	20,357,655	-
Farmland	303,507	35,464	-	338,971	13,826,065	14,165,036	-
Commercial and industrial	26,427	23,231	116,067	165,725	13,324,312	13,490,037	-
Residential real estate	439,698	342,501	-	782,199	12,492,674	13,274,873	-
Other	21,264	8,744	1,564	31,572	2,547,101	2,578,673	-
	\$1,069,696	\$639,800	\$345,195	\$2,054,691	\$84,882,925	\$86,937,616	\$ 227,564

In 2015, the Bank entered into a borrowing agreement with FHLB. Advances are secured by a blanket pledge on certain qualified loans. The amount of pledged loans for the year ended December 31, 2017, was \$3,400,743. The advance equivalent totaled \$3,400,743 and the remaining collateral capacity totaled \$3,388,340.



Table of Contents**Big Muddy Bancorp, Inc.****Notes to Consolidated Financial Statements****December 31, 2017****Note 5 – Premises and Equipment**

Major classifications of premises and equipment at December 31, 2017, are summarized as follows:

Land	\$ 11,000
Buildings	2,025,647
Construction in process	288,714
Furniture, fixtures, and equipment	380,895
Total cost	2,706,256
Less accumulated depreciation	(454,634 )
Premises and equipment, net	\$2,251,622

Depreciation and amortization expense for the year ended December 31, 2017, was \$131,454.

**Note 6 – Intangible Assets**

The following table summarizes the changes in the Company's intangible assets, which are included in other assets on the statement of financial condition:

	Core Deposit Intangible
Beginning core deposit balance	\$ 443,585
Amortization	(44,364 )
Ending core deposit balance	\$ 399,221

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The following table presents the forecasted amortization expense for 2018 through 2022 for intangible assets acquired in the S.B.T. Financial, Inc. transaction:

2018	\$44,364
2019	44,364
2020	44,364
2021	44,364
2022	44,364
Thereafter	177,401
	\$399,221

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Table of Contents**Big Muddy Bancorp, Inc.****Notes to Consolidated Financial Statements****December 31, 2017****Note 7 – Deposits**

Major classifications of deposits at December 31, 2017, are as follows:

Noninterest-bearing demand	\$31,506,706
Interest-bearing demand	16,559,498
Money market	11,428,275
Savings	13,973,639
Certificates of deposit less than \$250,000	19,054,395
Certificates of deposit \$250,000 or greater	6,451,658
	\$98,974,171

The following is a schedule by years of maturities for time deposits at December 31, 2017:

Years ending December 31,	
2018	\$19,775,683
2019	2,315,144
2020	915,646
2021	563,519
2022 and thereafter	1,936,061
	\$25,506,053

**Note 8 – Borrowings**

The Bank had unsecured operating lines of credit with correspondent banks totaling \$1 million at December 31, 2017. There were no outstanding balances under the Bank's operating line agreements at December 31, 2017. Interest varies based on the federal funds purchased rates.

At December 31, 2017, the Bank had secured operating lines of credit with the FHLB and UBB with approximately \$24.7 million, available for future borrowings. The line is secured by designated residential real estate, commercial real estate, and acceptable consumer loans of the Bank. At December 31, 2017, the outstanding balance on these lines was \$-0-. Interest varies based upon the type and term of the borrowing.

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**Big Muddy Bancorp, Inc.**

**Notes to Consolidated Financial Statements**

**December 31, 2017**

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**Note 9 – Commitments and Contingencies**

**Lease commitments and contracts** –The Bank leases commercial space to two third parties; rental income was \$15,000 for the year ended December 31, 2017.

**Commitments to extend credit** – In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities that are not presented in the accompanying financial statements. The commitments and contingent liabilities include various guarantees and commitments to extend credit. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the commitment letter. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if it is deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include securities, accounts receivable, inventory, fixed assets, and/or real estate properties. The distribution of commitments to extend credit approximates the distribution of loans outstanding.

At December 31, 2017, the Bank had approximately \$20.5 million in commitments to extend credit.

**Note 10 – Income Taxes**

The "Tax Cuts and Jobs Act" (Tax Reform) was enacted December 22, 2017. The law includes significant changes to the U.S. corporate system, including a Federal corporate rate reduction from 34% to 21%. As a result of when the Act was signed into law, the Bank's deferred tax assets and liabilities were required to be remeasured using the lower 21% federal rate as of December 31, 2017. This resulted in a one-time favorable reduction in tax expense of \$26,684. This was based on certain estimates of deferred tax balances and as such, additional adjustments may arise during 2018 as these calculations are finalized. Management does not anticipate that these adjustments will be material to the financial statements.

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The components of income tax expense (benefit) consist of the following at December 31, 2017:

Current tax expense	\$578,507
Deferred tax benefit	(212,158)
Impact of Tax Reform	(26,684 )
Income tax expense	\$339,665

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Table of Contents**Big Muddy Bancorp, Inc.****Notes to Consolidated Financial Statements****December 31, 2017****Note 10 – Income Taxes (continued)**

The components of the net deferred income tax assets and liability in the statements of financial condition at December 31, 2017, are as follows:

Deferred tax assets	
Reserve for loan loss	\$96,927
Deferred compensation	129,784
Accrued expenses	45,029
Purchase accounting loans	80,745
Total deferred tax assets	352,485
Deferred tax liabilities	
Accrued to cash adjustment	(259,981)
Purchase accounting - core deposit intangible	(105,125)
Other	(27,289 )
Total deferred tax liabilities	(392,395)
Net deferred tax liability	\$(39,910 )

The net deferred income tax liability above is recorded in other liabilities.

The income tax expense recorded differs from the expected income tax expense and the reconciliation of these differences is as follows at December 31, 2017:

Federal income tax expense at statutory rates	\$356,821
Effect of permanent differences	(32,913 )
State income tax expense, net	42,441
Impact of Tax Reform	(26,684 )
Income tax expense	\$339,665

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The following table presents a reconciliation of income taxes computed at the Federal statutory rate to the actual effective rate for the year ended December 31, 2017:

Federal income tax statutory rate	34.0%
Effect of state income taxes	4.0 %
Federal rate change - Tax Reform	-2.5 %
Income tax expense	35.5%

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**Big Muddy Bancorp, Inc.**

**Notes to Consolidated Financial Statements**

**December 31, 2017**

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**Note 10 – Income Taxes (continued)**

The Bank recognizes interest accrued and penalties related to unrecognized tax benefits in tax expense. During the year ended December 31, 2017, the Bank recognized no interest or penalties.

The Bank files a United States federal income tax return and a Montana state income tax return.

The Bank had no unrecognized tax benefits at December 31, 2017.

**Note 11 – Common Stock**

During the year ended December 31, 2017, the Company declared approximately \$973,000 in cash dividends on common stock. Additionally, during 2017, the Board of Directors elected to repurchase 40 shares of common stock, resulting in a total repurchase amount of \$10,960.

**Note 12 – Related Party Transactions**

**Loans to related parties** – In the normal course of business, the Bank makes loans to its executive officers, directors, and companies affiliated with these individuals. It is management's opinion that loans to the Bank's officers and directors are on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than a normal risk of collectability. The following table summarizes activity for principal amounts due from related parties for the year ended December 31, 2017:

Balance, beginning of year	\$ 332,369
Principal additions	257,313
Principal payments	(14,581 )
Balance, end of year	\$575,101

The Bank also accepts deposits from its executive officers, directors, and affiliated companies on substantially the same terms as unrelated persons. The aggregate dollar amount of these deposits were approximately \$1.8 million at December 31, 2017.

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**Big Muddy Bancorp, Inc.**

**Notes to Consolidated Financial Statements**

**December 31, 2017**

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**Note 13 – Concentrations of Credit Risk**

Most of the Bank's loans and commitments have been granted to customers in the Bank's market area, specifically in the state of Montana. As such, significant changes in economic conditions in Montana, or within its primary industries, could adversely affect the Bank's ability to collect loans. Substantially all such customers are depositors of the Bank. The concentrations of credit by type of loan are set forth in Note 4. The distribution of commitments to extend credit approximates the distribution of loans outstanding. The Bank's legal and internal lending limits were \$2.66 million as of December 31, 2017. Per Montana law, the Bank does not extend credit to any single borrower or group of related borrowers in excess of 20% of capital. As disclosed in Note 12, approximately 2% of deposits were with related parties.

The amount on deposits at other institutions fluctuates, and at times exceeds the insured limit by the FDIC, and this potentially subjects the Bank to credit risk.

**Note 14 – Fair Value Measurements**

Accounting Standards Codification (ASC) 820-10, *Fair Value Measurements and Disclosures*, provides enhanced guidance for measuring assets and liabilities using fair value and applies to situations where other standards require or permit assets or liabilities to be measured at fair value. It also requires expanded disclosure of items that are measured at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings.

Valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Bank's assumptions about market value. These two types of inputs create the following fair value hierarchy:

**Level 1** – Quoted prices for identical instruments in active markets.

**Level 2** – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable.

**Level 3** – Instruments whose significant value drivers are unobservable.

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Table of Contents**Big Muddy Bancorp, Inc.****Notes to Consolidated Financial Statements****December 31, 2017****Note 14 – Fair Value Measurements (continued)**

The following table summarize the Bank's financial instruments measured at fair value on a recurring and nonrecurring basis at December 31, 2017:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial instruments under recurring basis				
Securities available for sale				
U.S. agency securities	\$1,987,177	\$1,987,177	\$-	\$ -
Mortgage-backed securities	3,488	-	3,488	-
Municipal	1,545,764	-	1,545,764	-
Total financial instruments under recurring basis				
Total securities available for sale	\$3,536,429	\$1,987,177	\$1,549,252	\$ -
Financial instruments under nonrecurring basis				
Foreclosed real estate and other foreclosed assets	\$91,220	\$-	\$-	\$ 91,220

The Bank's securities available for sale at December 31, 2017, primarily consisted of U.S. agency securities, municipal securities, and mortgage-backed securities. The U.S. agency securities trade in active markets and are included under Level 1. The mortgage-backed securities and municipal securities are included under Level 2, because there may or may not be daily trades in each of the individual securities and because the valuation of these securities may be based on instruments that are not exactly identical to those owned by the Bank. Temporary changes in the valuation of securities available for sale do not affect current income; instead, unrealized gains or losses on available for sale securities are reported as a net amount in accumulated comprehensive income. Declines in the fair value of individual securities available for sale below their cost that are other-than-temporary result in write-downs of the individual securities to their fair value. No such write-downs have occurred during the periods presented.

**Note 15 – Regulatory Matters**

The Bank is subject to various regulatory capital requirements administered by state and federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

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Table of Contents**Big Muddy Bancorp, Inc.****Notes to Consolidated Financial Statements****December 31, 2017****Note 15 – Regulatory Matters (continued)**

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of total and the final rules implementing Basel Committee on Banking Supervision’s capital guidelines for U.S. banks (Basel III rules) became effective for the Bank on January 1, 2015, with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. The Basel III rules include a new Common Equity Tier 1 capital ratio and require a minimum capital adequacy. The Basel III rules require the Bank have a Tier 1 leverage ratio of 4.0%, a Common Equity Tier 1 ratio of 4.5%, a Tier 1 risk-based ratio of 6.0%, and a total risk-based ratio of 8.0%. The Bank is also required to establish a “conservative buffer”, consisting of common equity Tier 1 capital, equal to 2.5% of risk-weighted assets. An institution that does not meet the conservative buffer will be subject to restrictions on certain activities including payment of dividends, stock repurchases, and discretionary bonuses to executive officers. Management believes, as of December 31, 2017, the Bank met all capital adequacy requirements to which it is subject. Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to total assets (as defined). Management believes, as of December 31, 2017, the Bank met all capital adequacy requirements to which it is subject.

The Bank’s actual capital amounts and ratios are also presented in the table below (dollars in thousands):

	Actual		Adequately Capitalized		To Be Well Capitalized	Under Prompt Corrective Action
	Amount	Ratio	Amount	Ratio	Provisions	
December 31, 2017:						
The Company - consolidated						
Tier 1 capital (to average assets)	\$13,276	11.89%	\$4,467	4.00%	NA	NA
Tier 1 common equity capital (to risk-weighted assets)	13,276	16.07%	3,718	4.50%	NA	NA
Tier 1 capital (to risk weighted assets)	13,276	16.07%	4,958	6.00%	NA	NA
Total risk-based capital (to risk-weighted assets)	13,843	16.75%	6,610	8.00%	NA	NA

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Tier 1 capital (to average assets)	\$12,735	11.40%	\$4,467	4.00%	\$5,584	5.00%
Tier 1 common equity capital (to risk-weighted assets)	12,735	15.41%	3,718	4.50%	5,371	6.50%
Tier 1 capital (to risk weighted assets)	12,735	15.41%	4,958	6.00%	6,610	8.00%
Total risk-based capital (to risk-weighted assets)	13,302	16.10%	6,610	8.00%	8,263	10.00%

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Table of Contents**Big Muddy Bancorp, Inc.****Notes to Consolidated Financial Statements****December 31, 2017****Note 16 – Parent Company-Only Financial Information**

The following Big Muddy Bancorp, Inc. parent company-only financial information should be read in conjunction with the other notes to consolidated financial statements. The accounting policies for the parent company-only financial statements are the same as those used in the consolidated financial statements.

**Condensed Statement of Financial Condition**

	December 31, 2017
<b>ASSETS</b>	
Checking	\$73,761
Escrow account	346,000
Cash and cash equivalents	419,761
Investment in subsidiary	12,861,157
Total assets	\$13,280,918
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
Dividend payable	\$420
Payroll liabilities	6,547
Total liabilities	6,967
<b>STOCKHOLDERS' EQUITY</b>	
Common stock	48,616
Additional paid in capital	9,845,680
Retained earnings	3,379,655
Total stockholders' equity	13,273,951
Total liabilities and stockholders' equity	\$13,280,918



Table of Contents**Big Muddy Bancorp, Inc.****Notes to Consolidated Financial Statements  
December 31, 2017****Note 16 – Parent Company-Only Financial Information (continued)****Condensed Statement of Operations**

	Year Ended December 31, 2017
Other income (expense)	
Dividends from subsidiaries	\$973,120
Net earnings from subsidiary	92,450
Equity in the undistributed income of subsidiaries	240,573
Legal	(154,000 )
Payroll and benefits	(42,379 )
Other income and expense, net	18,978
Net income before income taxes	1,128,742
Income tax expense	339,665
Net income	\$789,077

**Statement of Cash Flows****CASH FLOWS FROM OPERATING ACTIVITIES**

Net income	\$789,077
Adjustments to reconcile net income to net cash used by operating activities	
Equity in undistributed income of consolidated subsidiaries	(240,573 )
Increase in other assets	(18,289 )
Increase in other liabilities	6,967
Net cash provided by operating activities	537,182

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investments in subsidiary	266,644
Net cash provided by investing activities	266,644

**CASH FLOWS FROM FINANCING ACTIVITIES**

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Cash dividends paid	(973,120 )
Redemption of common stock	(10,960 )
Net cash used by financing activities	(984,080 )
NET CHANGE IN CASH AND CASH EQUIVALENTS	(180,254 )
Cash and cash equivalents, beginning of year	600,015
Cash and cash equivalents, end of year	\$419,761

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Table of Contents**Big Muddy Bancorp, Inc.****Consolidated Statements of Financial Condition****(Unaudited)****ASSETS**

	As of June 30, 2018	As of December 31, 2017
Cash and due from banks	\$5,335,663	\$13,812,580
Cash items in process	734,679	1,204,287
Cash and cash equivalents	6,070,342	15,016,867
Interest bearing deposits at other institutions	985,000	1,475,000
Securities available-for-sale at fair value	3,416,570	3,536,429
Other investments, at cost	147,289	157,699
Loans receivable, net of deferred loan fees	92,133,814	86,912,670
Allowance for loan losses	(576,275 )	(566,998 )
Loans receivable, net	91,557,539	86,345,672
Premises and equipment, net	2,470,594	2,251,622
Accrued interest receivable	1,166,049	968,676
Bank-owned life insurance	2,813,482	2,782,962
Other real estate owned and repossessed assets held for sale, net	91,220	91,220
Other assets	613,407	666,728
Total assets	\$109,331,492	\$113,292,875

**LIABILITIES AND STOCKHOLDERS' EQUITY****LIABILITIES**

Non-interest bearing deposits	\$29,066,817	\$31,580,467
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