

**Report of Organizational Actions
Affecting Basis of Securities**

OMB No. 1545-0123

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Eagle Bancorp Montana, Inc.		2 Issuer's employer identification number (EIN) 27-1448820	
3 Name of contact for additional information Laura Clark	4 Telephone No. of contact (406)442-3080	5 Email address of contact lclark@oppbank.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact PO Box 4999		7 City, town, or post office, state, and ZIP code of contact Helena, MT 59604-4999	
8 Date of action 01/01/2020		9 Classification and description see attached	
10 CUSIP number 26942G100	11 Serial number(s)	12 Ticker symbol NASDAQ: EBMT	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

- 14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **see attached**

- 15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **see attached**

- 16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **see attached**

Part II Organizational Action (continued)17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ see attached18 Can any resulting loss be recognized? ▶ see attached19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ see attached

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign
Here

Signature ▶

Date ▶

Print your name ▶

Title ▶

Paid
Preparer
Use Only

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if
self-employed

PTIN

Sean P. Clancy

Firm's name ▶ Nixon Peabody, LLP

Firm's address ▶ 789 9th St NW Washington DC 20001

P01454715

Firm's EIN ▶ 16-0764720

Phone no. (202)585-8332

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Eagle Bancorp Montana, Inc.
EIN: 27-1449820
Attachment to Form 8937

Part I, Line 9:

The securities subject to reporting include all shares of Eagle Bancorp Montana, Inc. ("Eagle") common stock issued in exchange for all of the Western Holding Company of Wolf Point ("Western") outstanding common stock as a result of the merger of Western with and into Eagle on January 1, 2020.

Part II, Line 14 - Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:

On January 1, 2020, Western merged with and into Eagle with Eagle as the surviving corporation. Pursuant to the terms of the Agreement and Plan of Merger by and among the parties dated August 08, 2019 (the "Merger Agreement") each share of Western common stock outstanding at the effective time of the Merger was converted into \$2,946.51 in cash and 179.4464 shares of Eagle's common stock.

Under the Merger Agreement, fractional shares of Eagle common stock were not issued. Western shareholders received an amount in cash (rounded to the nearest cent and without interest) equal to the product of (i) the fraction of a share to which such holder would otherwise have been entitled and (ii) the weighted average of the daily closing sales prices of a share of Eagle common stock for the period set forth in the Merger Agreement which is equal to \$21.74. For purposes of determining any fractional share interest, all shares of Western common stock owned by a Western shareholder were combined so as to calculate the maximum number of whole shares of Eagle common stock issuable to such Western shareholder.

Part II, Line 15 - Describe the quantitative effect of the organization action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:

The merger of Western with and into Eagle qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. As a result, each Western shareholder will recognize a taxable gain, but not a loss, equal to the lesser of:

- The amount of cash received in the exchange; or
- The amount, if any, by which the sum of the cash received plus the fair market value of the shares of Eagle common stock received in the exchange (measured at the time of the exchange) exceeds the Western shareholder's tax basis in the Western common stock surrendered in the exchange.

For purposes of calculating this taxable gain, the amount of cash received in the exchange does not include cash received in lieu of fractional shares of Eagle common stock (see discussion below).

Gain or loss must be calculated separately by each Western shareholder for each identifiable block of Western common stock surrendered in the exchange having a common tax basis. Each Western shareholder is urged to consult its own personal tax advisor regarding the determination of this realized gain or loss on the exchange.

Each Western shareholder is required to determine the tax basis of the shares of Eagle stock received in the exchange by performing the following calculations separately for each identifiable block of the Western common stock surrendered in the exchange having a common tax basis:

- Begin with the aggregate tax basis of the Western common stock surrendered in the exchange
- Add the amount of taxable gain, if any, determined from the above calculation (excluding any gain or loss resulting from the deemed receipt and sale of fractional shares described below)
- Subtract the total amount of cash received (excluding any cash received in lieu of fractional shares as described below)
- Subtract the tax basis in any fractional shares of Western common stock that were deemed to have been received in the exchange and immediately sold (see cash in lieu of fractional shares as described below)

The resulting figure represents the aggregate tax basis of the shares of Eagle common stock received in the exchange for that identifiable block of the Western common stock transferred. The tax basis of each individual share of Eagle common stock within an identifiable block is determined by dividing this aggregate tax basis by the number of shares of Eagle common stock that comprise such identifiable block.

Cash in Lieu of Fractional Shares of Eagle Common Stock

A U.S. holder of Western common stock who received cash instead of a fractional share of Eagle common stock will be treated as having received the fractional share pursuant to the merger and then as having exchanged the fractional share for cash in a redemption by Eagle. In general, this deemed redemption will be treated as a sale or exchange and a U.S. holder will recognize gain (but not loss) equal to the difference between (i) the amount of cash received by such U.S. holder and (ii) the portion of the basis of the shares of Western common stock allocable to such fractional interest.

Part II, Line 16 - Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of the securities and the valuation dates:

Reference is made to the description of the basis calculation in Part II, Line 15 above. The calculations above are based upon the exchange ratio agreed to in the Merger Agreement, as

described above. The weighted average of the daily closing sales prices of a single share of Eagle common stock for purposes of the merger and the calculations above is equal to \$21.74.

Part II, Line 17:

The merger was structured to qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. In general, the income tax consequences to the shareholders are determined under Internal Revenue Code sections 354, 356, 358, 361 and 368.

Part II, Line 18

A U.S. holder of shares of Western common stock that received Eagle common stock and cash generally will only recognize gain (but not loss). A U.S. Holder of Western common stock who received cash in lieu of a fractional share may recognize loss if the amount of the cash received is less than the basis in the fractional share.

Part II Line 19 - Provide any other information to implement the adjustment such as the reportable tax year:

The gain or loss recognized with respect to the merger should be reported by Western shareholders in the tax year that includes January 1, 2020 (e.g. a calendar year shareholder would report the transaction on his or her federal income tax return filed for the 2020 calendar year).

For additional information, please refer to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission, which includes the full text of the Merger Agreement, and which can be found on www.sec.gov.

Western shareholders are urged to consult their own tax advisors with respect to the individual tax consequences of the merger to them. The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purposes of avoiding penalties under the Internal Revenue Code of 1986, as amended.

No ruling from the Internal Revenue Service (the "IRS") has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the Merger described in this report. This report is not binding on the IRS and the IRS and the U.S. courts could disagree with one or more of the positions described above.

