



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

IRC SECTION 368(a)(1)(E)

IRC SECTION 354(a)(1)

IRC SECTION 358(a)(1)

IRC SECTION 1223(1)

18 Can any resulting loss be recognized? ▶ SEE ATTACHMENT

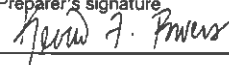
19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ ADJUSTMENT TO SHARE BASIS WOULD BE TAKEN INTO ACCOUNT IN THE TAX YEAR OF THE SHAREHOLDER DURING WHICH THE STOCK EXCHANGE OCCURRED (E.G., 2021 FOR CALENDAR YEAR TAXPAYERS).

THIS INFORMATION DOES NOT CONSTITUTE TAX ADVICE AND PROVIDES A DESCRIPTION OF COMMON TAX CONSEQUENCES, BUT DOES NOT PURPORT TO DESCRIBE ALL TAX CONSEQUENCES THAT MAY APPLY TO ALL TYPES OF SHAREHOLDERS. EACH SHAREHOLDER SHOULD CONSULT THEIR OWN TAX ADVISOR REGARDING THE SPECIFIC CONSEQUENCES OF THE STOCK EXCHANGE ON TAX BASIS AND HOLDING PERIOD, INCLUDING APPLICABILITY OF ANY U.S. FEDERAL, STATE AND LOCAL, AND FOREIGN TAX LAWS

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 ▶ 1/14/2022

Print your name ▶ ROB ANDERSON Title ▶ CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	KEVIN F. POWERS		01/14/2022		P00032110
	Firm's name ▶ CROWE LLP			Firm's EIN ▶	35-0921680
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**U.S. CENTURY BANK**  
**EIN: 52-2371258**  
**Attachment to IRS Form 8937**

The information contained herein is being provided pursuant to the requirements of IRC Section 6045B and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the transaction described below on tax basis in shares.

The information and examples provided below are illustrative only and are being provided pursuant to IRC Section 6045B and as a convenience to shareholders and their tax advisors. Shareholders should consult their tax advisors regarding specific consequences of the transaction, including the applicability and effect of all U.S. federal, state and local tax laws and foreign tax laws.

**Part II, Question 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 December 21, 2021, U.S. Century Bank ("USCB" or the "Company") converted the Company's issued and outstanding Class B nonvoting common stock into Class A voting common stock (the "Stock Exchange"). Each five (5) shares of outstanding Class B nonvoting common stock automatically converted into one (1) share of Class A voting common stock.

Fractional shares were not issued in connection with the Stock Exchange. Instead, fractional shares which would have otherwise resulted from the Stock Exchange were rounded up to the next largest whole share.

**Part II, Question 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.**

The Stock Exchange is intended to qualify as a tax-free recapitalization under Internal Revenue Code (IRC) §368(a)(1)(E).

- (i) No gain or loss is recognized by shareholders for U.S. federal income tax purposes, pursuant to IRC §354(a)(1).
- (ii) The aggregate tax basis of shares received by a shareholder as a result of the Stock Exchange will be equal to the shareholder's aggregate tax basis of the shares surrendered therefor, pursuant to IRC §358(a)(1).<sup>1</sup>
- (iii) The holding period of shares received by a shareholder as a result of the Stock Exchange will generally include the holding period of the shares surrendered therefor, pursuant to IRC §1223(1).<sup>2</sup>

If applicable, the receipt of an additional fractional interest by a shareholder due to rounding up to the next largest whole share may be taxable and result in additional tax basis and holding period considerations.

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<sup>1</sup> Pursuant to treasury regulations, the basis of surrendered shares of stock should be allocated to the shares of stock received in a manner reflecting, to the greatest extent possible, that a share of stock received is received in respect of shares of stock that were acquired on the same date and at the same price. To the extent it is not possible to allocate basis in this manner, the basis of surrendered shares should be allocated to the shares of stock received in a manner that minimizes disparity in the holding periods of the surrendered shares of stock whose basis is allocated to any particular share of stock received.

<sup>2</sup> This assumes that the Class B nonvoting common shares were held as capital assets. Different considerations apply for shares not held as capital assets.

**Part II, Question 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.**

In general, a shareholder's tax basis in each share of Class A voting common stock will be five times greater than the shareholder's tax basis in each share of Class B nonvoting common stock converted in the Stock Exchange, with potential adjustment required for any fractional interest received by shareholder due to rounding up to the next largest whole share instead of issuing fractional shares.<sup>3</sup>

**Part II, Question 18: Can any resulting loss be recognized?**

The Stock Exchange is a nonrecognition transaction for which no loss can be recognized.

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<sup>3</sup> Special, more complex tax basis considerations may apply to the extent that a shareholder owns multiple classes of Company stock or multiple blocks of Company stock acquired on different dates with different basis amounts. Shareholders who have used the specific identification method to identify their basis in shares of stock combined in the Stock Exchange should consult their tax advisors to determine post-exchange tax basis in shares.