

# Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

## Part I Reporting Issuer

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
Southern Michigan Bancorp Inc.		38-2407501	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
Danice Chartrand	517-279-5590	dchartrand@smb-t.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and ZIP code of contact	
51 West Pearl Street		Coldwater, MI 49036	
<b>8</b> Date of action		<b>9</b> Classification and description	
04/13/2021		100% Stock Dividend	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
84336P103		SOMC	

## 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 ► On April 13, 2021 the Board of Directors of Southern Michigan Bancorp, Inc. approved a 100% stock dividend which distributed one additional share of stock for each stock held. This distribution was payable on May 14, 2021 to shareholders of record as of April 26, 2021.

**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 ► Immediately after the stock dividend, the tax basis of each share held prior to the stock dividend is equally divided between the original share and the new share issued as part of the stock dividend. This should be done on a share-by-share basis.

**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 ► A shareholder's aggregate tax basis in all shares post stock dividend remains unchanged. Shareholders, on a share by share basis, should divide the tax basis of the original issued share between the original share and the share issued as part of the stock dividend.

**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 305 (a) and IRC Section 307 (a) .

**18** Can any resulting loss be recognized? ► No loss will be recongized as a result of the 100% stock dividend

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ► The reportable tax year is 2021. 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. Southern Michigan Bancorp Inc.'s shareholders should consult a qualified tax adviser for any specific questions related to thier specfic tax treatment.

**Sign Here**

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.

Signature ► Danice Chartrand Date ► 02/07/2022

Print your name ► Danice Chartrand Title ► CFO

**Paid Preparer Use Only**

Print/Type preparer's name <u>Monica Schmidt</u>	Preparer's signature <u>Monica Schmidt</u>	Date <u>02/04/2022</u>	Check <input type="checkbox"/> if self-employed	PTIN <u>P00032475</u>
Firm's name ► <u>Crowe LLP</u>			Firm's EIN ► <u>35-0921680</u>	
Firm's address ► <u>330 E Jefferson Blvd, PO Box 7, South Bend, IN 46624-0007</u>			Phone no. <u>574-232-3992</u>	