



**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)

IRC SECTION 354

IRC SECTION 356

IRC SECTION 358

IRC SECTION 1221

**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 ▶ THE REPORTABLE TAX YEAR IS DECEMBER 31, 2019.

**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 ▶ \_\_\_\_\_ Date ▶ \_\_\_\_\_

Print your name ▶ \_\_\_\_\_ Title ▶ \_\_\_\_\_

**Paid Preparer Use Only**

Print/Type preparer's name ROBERT PARKER, CPA	Preparer's signature 	Date 10/07/2019	Check <input type="checkbox"/> if self-employed	PTIN P00868782
Firm's name ▶ CROWE LLP			Firm's EIN ▶ 35-0921680	
Firm's address ▶ 720 COOL SPRINGS BLVD, STE 600, FRANKLIN, TN 37067			Phone no. 615-360-5500	

**Attachment to Form 990**  
**Report of Organizational Actions Affecting Basis of Securities**  
**Heritage Southeast Bancorporation, Inc.**  
**FEIN: 58-2173616**

**Part II, Line 14**

On September 1, 2019, Heritage Southeast Bancorporation, Inc. ("HSBI"), formerly known as CCF Holding Company, entered into a merger transaction with Providence Bank ("Providence"), EIN: 03-0584464, and Heritage Bancorporation ("HBI"), EIN: 58-1581537, wherein HBI merged with and into HSBI and Providence merged with and into a wholly-owned subsidiary of HSBI, with Providence being the surviving corporation. This merger qualified as a tax-free reorganization under Section 368 of the Internal Revenue Code.

**Part II, Line 15**

Pursuant to the Agreement and Plan of Merger, each share of HBI common stock was exchanged for 0.9504 shares of HSBI common stock, and each share of Providence common stock was exchanged for 0.1225 shares of HSBI common stock. In total, 4,074,577 shares of HSBI stock were issued with a value of \$88,825,778 (\$20.72 per share for HBI shareholders and \$2.67 per share for Providence shareholders).

The merger qualified as a tax-free reorganization under Section 368 of the Internal Revenue Code. As such, the federal income tax consequences to former HBI and Providence shareholders are determined under Code Sections 354, 356, 358 and 1221. Where the consideration provided in the Agreement and Plan of Merger is limited solely to HSBI stock, no gain or loss should be recognized by the HBI or Providence shareholders related to the merger transaction. Former HBI and Providence shareholders will maintain their historical aggregate tax basis in their newly issued HSBI shares.

**Part II, Line 16**

In exchange for each share of HBI common stock, HBI shareholders will receive 0.9504 shares of HSBI common stock, with total value of \$20.72 per share. Providence shareholders will receive 0.1225 shares of HSBI common stock for each share of Providence common stock exchanged, with total value of \$2.67 per share.

The basis of HSBI shares received, once computed, must be allocated to the individual HSBI shares received in accordance with Treasury Regulation §1.358-2(a). See also Proposed Treasury Regulation §1.358-2(b). Since fewer shares of HSBI common stock were received than shares of HBI or Providence common stock surrendered, the basis of the HBI or Providence shares surrendered must be allocated to the shares of HSBI stock received in a manner that reflects, to the greatest extent possible, that a share of HSBI stock received is received in respect of HBI or Providence shares of stock that were acquired on the same date and at the same prices. To the extent it is not possible to allocate the basis in this manner, the basis of the HBI or Providence shares surrendered must be allocated to the shares of HSBI stock received in a manner that minimizes the disparity in the holding periods of the surrendered shares whose basis is allocated to any particular HSBI share received. This could result in a single share of HSBI stock having a split basis and a split holding period. See Example (14) of Treasury Regulation §1.358-2(c) for an illustration of this principle. Each HBI or Providence shareholder should consult their tax advisor for specific guidance.

The acquisition of HBI and Providence by HSBI on September 1, 2019, qualified as a reorganization within the meaning of Section 368(A) of the Internal Revenue Code. Therefore, the federal income tax consequences to the HBI and Providence shareholders are determined under Code Sections 354, 356, 358 and 1221. Former HBI and Providence shareholders will maintain their historical aggregate tax basis in their newly issued HSBI shares.

**Part II, Line 18**

HBI and Providence shareholders receiving solely HSBI stock will recognize no gain or loss as a result of the merger transaction. Gain could be realized to the extent any cash-in-lieu is received, but no loss will be recognized.