

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Bank of Bird-in-Hand		2 Issuer's employer identification number (EIN) 32-0412177	
3 Name of contact for additional information Jennifer Halligan	4 Telephone No. of contact 717-929-2217	5 Email address of contact jhalligan@bihbank.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 309 N Ronks Rd		7 City, town, or post office, state, and ZIP code of contact Bird-in-Hand, PA 17505	
8 Date of action 7/31/2018		9 Classification and description 5 for 4 stock split effectuated as a common stock dividend	
10 CUSIP number 060700 101	11 Serial number(s)	12 Ticker symbol	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 ▶ **Bank of Bird-in-Hand declared a 5 for 4 (25%) stock split effectuated as a common stock dividend, payable July 31, 2018 to shareholders of record at the close of business on June 4, 2018. As a result, for every four shares of Bank of Bird-in-Hand common stock held by a shareholder on June 4, 2018, the shareholder received one additional share of Bank of Bird-in-Hand common stock on July 31, 2018**

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 dividend was non-taxable under Section 305 of the Internal Revenue Code of 1986, as amended (the "Code"). As a result of the stock dividend, each Bank of Bird-in-Hand shareholder was required to allocate their tax basis in the shares they owned prior to the stock dividend over the shares they own after the stock dividend. Any cash received in lieu of fractional shares will be treated as a distribution taxable as a dividend under Section 301 of the Code.**

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 Bank of Bird-in-Hand shareholder will divide their tax basis in each share held before the stock dividend by 1.25 to determine their tax basis in each share held immediately after the stock dividend, and will multiply the total number of shares owned prior to the stock dividend by 1.25 to determine the number of shares of Bank of Bird-in-Hand commons stock owned after the stock dividend.**

Example:

Before the stock dividend: 1,000 shares with a tax basis of \$10.00 per share: \$10,000 aggregate tax basis

After the stock dividend: 1,000 shares x 1.25 = 1,250 shares owned after the stock dividend

\$10.00 tax basis per share/ 1.25 = \$8.00 tax basis per share after the stock dividend

1,250 shares x \$8.00 per share tax basis = \$10,000 aggregate tax basis

Part II Organizational Action (continued)

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

Section 305 (a)

Section 307 (a)

18 Can any resulting loss be recognized? ▶ not applicable

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ 2018

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 ▶ redacted Date ▶ _____

Print your name ▶ Jennifer Halligan Title ▶ VP/CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.