

# Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

## Part I Reporting Issuer

1 Issuer's name  <b>Uwharrie Capital Corp</b>		2 Issuer's employer identification number (EIN)  <b>56-1814206</b>	
3 Name of contact for additional information  <b>Heather H. Almond</b>	4 Telephone No. of contact  <b>704-991-1255</b>	5 Email address of contact  <b>halmond@uwharrie.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact  <b>PO Box 338</b>		7 City, town, or post office, state, and ZIP code of contact  <b>Albemarle, NC 28002</b>	
8 Date of action  <b>11/23/2020</b>		9 Classification and description  <b>Common Stock Dividend</b>	
10 CUSIP number  <b>N/A</b>	11 Serial number(s)  <b>N/A</b>	12 Ticker symbol  <b>UWHR</b>	13 Account number(s)  <b>N/A</b>

## 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 ► **Shareholders of Uwharrie Capital Corp (the "Company"), as of the record date November 9, 2020, will receive the stock dividend, which will be paid electronically via book-entry. No stock certificates will be issued. Shareholders will receive a statement indicating the new shares gained. If the stock is held in a brokerage account, shares will be electronically delivered directly to the appropriate account. Only whole shares of stock will be issued. If applicable, a check for payment of a fractional share will be issued or deposited electronically. Please consult your tax advisor regarding the tax implications of cash paid for fractional shares.**

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 ► **Each shareholder with balance of shares outstanding as of November 9, 2020 received a 2% stock dividend. Only whole shares were recorded. If applicable, a check for payment of a fractional share will be issued or deposited electronically. Please consult your tax advisor regarding the tax implications of cash paid for fractional shares.**

**Please see Page 3 for attached white paper detailing a conversion example.**

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 response to question 15.**

**Part II** Organizational Action *(continued)*

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► The distribution of stock is nontaxable pursuant to Internal Revenue Code Section 305(a). The basis of new stock and the held stock is determined by allocating the total adjusted basis of shares before the dividend to the total quantity of shares after the dividend, pursuant to Internal Revenue Code Section 307(a). Any gain or loss for cash in-lieu of fractional shares is evaluated pursuant to Internal Revenue Code Section 1001.

**18** Can any resulting loss be recognized? ► Shareholders who receive cash in-lieu of fractional shares must evaluate the tax impact of recognizing a taxable gain or loss. These shareholders may recognize a gain or loss equal to the difference of the amount of cash received as compared to the tax basis allocated to the fractional share. Please consult your tax advisor regarding the tax implications of cash paid for fractional shares.

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ► The federal income tax consequences of the stock dividend must be evaluated in the tax year of each shareholder that includes the payment date, November 23, 2020.

**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 ► 12/30/2024

Print your name ► Heather H. Almond

Title ► Chief Financial Officer

**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.			

## Part II. Q 15. Additional information:

A shareholder will divide the total adjusted basis in shares of the Company's common stock held before the dividend by the number of shares of the Company's common stock owned after the dividend and subsequently adjusted for cash paid in-lieu of fractional shares.

Example: Before the dividend, a shareholder owns 205 shares of the Company's common stock with an adjusted basis of \$18.00 per share, resulting in a total adjusted basis of \$3,690.00. After the stock dividend, the shareholder received 4 additional shares of common stock plus cash paid in-lieu of .1 fractional shares ( $205 \times 2\% = 4.1$  additional shares). The adjusted basis per share would be computed by the following steps:

- $(\$3,690.00 \text{ adjusted basis} / 209.1 \text{ shares after the dividend}) = \$17.65 \text{ basis per share}$
- .1 fractional shares redeemed for cash
- Remaining basis in 209 shares =  $\$17.65 \times 209 \text{ shares} = \$3,688.85 \text{ total remaining adjusted basis}$