

# Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name  <b>Mid-Southern Bancorp, Inc.</b>		2 Issuer's employer identification number (EIN)  <b>82-4821705</b>	
3 Name of contact for additional information  <b>Erica B. Schmidt</b>	4 Telephone No. of contact  <b>812-883-2639</b>	5 Email address of contact  <b>erica.schmidt@mid-southern.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact  <b>300 North Water Street</b>		7 City, town, or post office, state, and ZIP code of contact  <b>Salem, IN 47167</b>	
8 Date of action  <b>July 11, 2018</b>		9 Classification and description  <b>Mid-Southern Bancorp, Inc. common stock</b>	
10 CUSIP number  <b>59548Q 107</b>	11 Serial number(s)	12 Ticker symbol  <b>MSVB</b>	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 ▶ Mid-Southern Bancorp, Inc. (the "Company") was incorporated in January 2018 and became the holding company for Mid-Southern Savings Bank, FSB (the "Bank"), on July 11, 2018, upon completion of the Bank's conversion from the mutual to stock holding company ownership structure (the "Second-Step Conversion"). In connection with the Second-Step Conversion, the Company sold a total of 2,559,871 shares of common stock in an offering to depositors of the Bank and others, including 204,789 shares to the Bank's employee stock ownership plan. All shares were sold at a purchase price of \$10.00 per share and are listed on the Nasdaq Capital Market.

Concurrent with completion of the stock offering, shares of common stock of the Bank owned by public stockholders were converted into the right to receive 2.3462 shares of the Company common stock. Cash in lieu of fractional shares was paid at a rate of \$10.00 per share, multiplied by the fractional share of Company common stock in the exchange.

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 ▶ Former holders of Bank common stock who received Company common stock in exchange for Bank common stock will have a tax basis in the each share of Company common stock received equal to the tax basis in the Bank common stock surrendered in the exchange, except for the basis attributable to any fractional share of Company common stock that was exchanged for cash, as discussed below.

The payment of cash to former holders of Bank common stock in lieu of fractional share interests of Company common stock are treated as though fractional share interests of Company common stock were distributed as part of the share exchange and then redeemed by the Company. The cash payments are distributions in full payment for fractional share interests deemed redeemed under IRC Section 302(a) with the result that such former holders of Bank common stock will generally have short-term or long-term capital gain or loss to the extent that the cash they receive differs from the basis allocable to such fractional share interests.

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 attachment for details describing the calculation of the change in tax basis and supporting data.

**Part II** Organizational Action (continued)

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

Sections 368(a); 351(a); 354; 361(a) and 358(a)

18 Can any resulting loss be recognized? ▶ No loss was recognized by a former Bank stockholder in the exchange of such stockholder's Bank common stock for Company common stock as a result of the Second-Step Conversion. A former Bank stockholder who received a fractional share interest in Company common stock could recognize loss if the amount of cash received in payment for the fractional share interest is less than the tax basis in the stockholder's fractional share interest of the Company common stock.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ In general, any adjustment to the tax basis that causes gain or loss recognized by a former Bank stockholder as a result of the completion of the Second-Step Conversion should be reported for the taxable year which includes July 11, 2018 (e.g., a calendar year stockholder would report the transaction on his or her federal income tax return filed for the 2018 calendar year)

**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 ▶ **Erica B. Schmidt** Title ▶ **Chief Financial Officer and Treasurer**

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶ <b>Monroe Shine &amp; Co., Inc., CPAs</b>		Firm's EIN ▶ <b>35-1515068</b>		<b>P00075269</b>
	Firm's address ▶ <b>P.O. Box 1407, New Albany, IN 47151-1407</b>		Phone no. <b>812-945-2311</b>		