

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Citizens Bancshares Corporation		57-0874846	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
James E. Roberts, II	843-519-2536	jroberts@tcbasc.bank	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
1600 W. Palmetto Street		Florence, SC 29501	
8 Date of action		9 Classification and description	
7/1/2022		Common Stock of Sandhills Holding Company, Inc.	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
	N/A	CITZ	N/A

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 ▶ Citizens Bancshares Corporation (CITZ) acquired Sandhills Holding Company, Inc. (SHI) through a merger transaction whereby SHI merged with and into CITZ effective July 1, 2022 (the "Effective Time").

Pursuant to the Agreement and Plan of Merger, each share of SHI common stock was exchanged for \$16.02 in cash.

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 ▶ Assuming the merger qualifies as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code, the material federal income tax consequences and the basis impact from the merger to a SHI shareholder will be that the SHI shareholder will recognize a gain or loss equal to the difference between the amount of cash received and its adjusted tax basis in its shares of SHI stock surrendered--if the SHI stock was held for more than one year, then the gain or loss will generally be a long-term capital gain or loss

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 discussion in #15 above.

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 merger qualifies as a tax-free reorganization within the meaning of IRC Section

368(a). Other relevant IRC sections include 302, 354, 356, 358 and 1001.

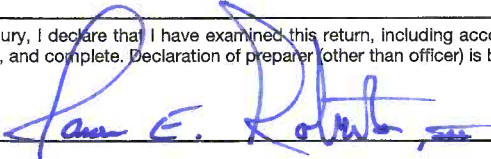
18 Can any resulting loss be recognized? ▶ See discussion in #15 above.

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

The transaction was completed on July 1, 2022. Consequently, the reportable tax year for SHI shareholders for reporting the tax effect of the merger is the tax year that includes the July 1, 2022 date. This is the 2022 calendar year for those shareholders who report taxable income on the basis of a 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 ▶ 8/11/2022

Print your name ▶ James E. Roberts, II 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.