

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name  Baylake Corp.		<b>2</b> Issuer's employer identification number (EIN)  39-1268055	
<b>3</b> Name of contact for additional information  Susan M. Lohrey, Esq.	<b>4</b> Telephone No. of contact  920-746-5464	<b>5</b> Email address of contact  slohrey@baylake.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact  217 North Fourth Avenue		<b>7</b> City, town, or post office, state, and Zip code of contact  Sturgeon Bay, WI 54235	
<b>8</b> Date of action  December 4, 2015		<b>9</b> Classification and description  Common Stock	
<b>10</b> CUSIP number  072788102	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol  BYLK	<b>13</b> 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 ▶ On December 4, 2015, NEW Bancshares, Inc. ("NEWBI") merged with and into Baylake Corp. ("Baylake"), with Baylake surviving the merger, pursuant to the terms of the Agreement and Plan of Merger entered into by and between NEWBI and Baylake, as amended (the "Merger Agreement"). Pursuant to the Merger Agreement, each outstanding share of NEWBI common stock was converted to the right to receive \$57.60 in cash and 2.8319 shares of Baylake common stock. No fractional shares of Baylake common stock were issued in the merger. In lieu of a fractional share of Baylake common stock, the holder of any NEWBI common stock who was otherwise entitled to receive such fractional share received one additional whole share of Baylake common stock and the amount of cash the NEWBI shareholder was entitled to receive was reduced by an amount determined by multiplying \$14.33 by 1 minus the fraction of a share of Baylake common stock to which the holder was otherwise entitled to receive.

**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 ▶ See Exhibit A attached hereto.

**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 Exhibit A attached hereto.

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Internal Revenue Code Sections 354, 356, 358, 368, 1001, 1011, 1221 and 1223.

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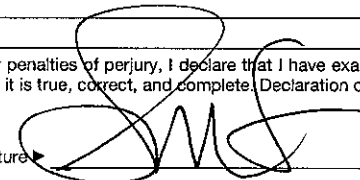
18 Can any resulting loss be recognized? ▶ In general, a holder of NEWBI common stock who received cash and Baylake common stock in exchange for shares of NEWBI common stock cannot recognize a loss in connection with the merger.

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The merger occurred on December 4, 2015. Therefore, any gain or loss recognized with respect to the merger should be reported by NEWBI shareholders in their tax year which includes December 4, 2015. NEWBI shareholders are urged to consult their own tax advisors with respect to their individual tax consequences of the merger.

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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 ▶  Date ▶ January 5, 2016

Print your name ▶ Susan M. Lohrey, Esq. Title ▶ Vice President and Secretary

<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 ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

## EXHIBIT A

### Attachment to Form 8937

**Issuer's Name: Baylake Corp.**

**Issuer's EIN: 39-1268055**

#### **Part II, Lines 15 and 16**

Tax matters are very complicated, and the consequences of the merger to any particular shareholder will depend on that shareholder's particular facts and circumstances. Accordingly, NEWBI shareholders are urged to consult their own tax advisors to determine their tax consequences from the merger. The following is a general summary for U.S. holders of NEWBI common stock.

Baylake and NEWBI structured the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. As a reorganization within the meaning of Section 368(a) of the Code, gain (but not loss) is recognized by U.S. holders of NEWBI common stock in an amount equal to the lesser of (1) the amount by which the sum of the fair market value of the Baylake common stock and cash received by a holder of NEWBI common stock exceeded such holder's cost basis in its NEWBI common stock, and (2) the amount of cash received by such holder of NEWBI common stock.

The aggregate basis of the Baylake common stock received in the merger is the same as the aggregate basis of the NEWBI common stock for which it was exchanged, decreased by the amount of cash received in the merger and increased by the amount of gain recognized on the exchange, regardless of whether such gain is classified as capital gain, or as dividend income, and the holding period of Baylake common stock received in exchange for shares of NEWBI common stock will include the holding period of the NEWBI common stock for which it was exchanged.

If U.S. holders of NEWBI common stock acquired different blocks of NEWBI common stock at different times or at different prices, any gain or loss is determined separately with respect to each block of NEWBI common stock and such holders' basis and holding periods in their shares of Baylake common stock may be determined with reference to each block of NEWBI common stock. Any such holders should consult their tax advisors regarding the manner in which cash and Baylake common stock received in the exchange should be allocated among different blocks of NEWBI common stock and with respect to identifying the bases or holding periods of the particular shares of Baylake common stock received in the merger.