

River Financial Corporation

Attachment to Form 8937

EIN: 46-1422125

Report of Organizational Actions Affecting Basis of Securities

Form 8937 Part I, Box 9:

The securities subject to reporting include all shares of River Financial Corporation (“River Financial”) common stock issued in exchange for the outstanding common stock of PSB Bancshares (the “Company”) as a result of the merger of the Company with and into River Financial on October 31, 2018.

Form 8937 Part II, Box 14:

On October 31, 2018, the Company completed a merger with River Financial. Pursuant to the terms and conditions of the Agreement and Plan of Merger, dated as of July 10, 2018, (the “Merger”) the Company merged with and into River Financial. As a result of the Merger, River Financial is the surviving corporation while the Company ceased to exist as a corporation.

As noted in the Agreement and Plan of Merger, dated as of July 10, 2018, the Company shareholders received 60 shares of River Financial common stock and \$6,610.00 in cash for each share of the Company stock.

No fractional shares of River Financial common stock were issued in the Merger, but rather River Financial paid cash in lieu of fractional shares based on a share price of \$27.00.

Form 8937 Part II, Box 15:

The merger of the Company with and into River Financial qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. As a result, each Company shareholder will recognize a taxable gain, but not a loss, equal to the lesser of:

- The amount of cash received in the exchange; or
- The amount, if any, by which the sum of the cash received plus the fair market value of the shares of River Financial common stock received in the exchange (measured at the time of the exchange) exceeds the Company shareholder’s tax basis in the Company shares surrendered in the exchange.

For purposes of calculating this taxable gain, the amount of cash received in the exchange does not include cash received in lieu of fractional shares of River Financial common stock (see discussion of cash received in lieu of fractional shares below).

Gain or loss must be calculated separately for each identifiable block of the Company common shares surrendered in the exchange having a common tax basis. Each Company shareholder is encouraged to consult their own personal tax advisor regarding the determination of this realized gain or loss on the exchange.

Each Company shareholder is required to determine the tax basis of the shares of River Financial stock received in the exchange by performing the following calculations separately for each identifiable block of the Company common shares surrendered in the exchange having a common tax basis:

- Begin with the aggregate tax basis of the Company common shares surrendered in the exchange
- Add the amount of taxable gain, if any, determined from the above calculation (excluding any gain or loss resulting from the deemed receipt and sale of fractional shares described below)
- Subtract the total amount of cash received (excluding any cash received in lieu of fractional shares described below)
- Subtract the tax basis in any fractional shares of River Financial common stock that were deemed to have been received in the exchange and immediately sold (see the treatment of fractional shares described below)

The resulting figure represents the aggregate tax basis of the shares of River Financial common stock received in the exchange for that identifiable block of the Company common shares transferred. The tax basis of each individual share of River Financial common stock within this identifiable block is determined by dividing this aggregate tax basis by the number of River Financial common shares that comprise this identifiable block.

The Company shareholders who receive cash in lieu of a fractional share of River Financial common stock are, for purposes of determining the taxability of that cash, deemed to have received the fractional share in the exchange and then as having sold the fractional share for cash. These Company shareholders will generally recognize a taxable gain or loss equal to the difference between the tax basis of the common shares deemed to have been exchanged for the fractional share and the amount of cash received.

Form 8937 Part II, Box 16:

Refer to the description of the basis calculation in Part II, Box 15 above. The October 31, 2018 closing price of a single share of River Financial common stock was \$27.00.

Form 8937 Part II, Box 17:

River Financial's acquisition of the Company, pursuant to the Merger completed on October 31, 2018, was structured to qualify as reorganization within the meaning of Section 368(a) of the Internal Revenue Code. In general, the income tax consequences to the shareholders are determined under Internal Revenue Code sections 302, 354, 356, 358, 361, and 368.

Form 8937 Part II, Box 18:

In general, none of the Company shareholders who received River Financial common stock and cash for all of their Company stock will recognize any loss. A Company shareholder who received cash in lieu of a fractional share of River Financial common stock may recognize loss if the amount of cash received is less than the basis in the fractional share, as applicable.

Form 8937 Part II, Box 19:

In general, any adjustment to the tax basis that causes gain or loss recognized by the Company shareholder as a result of the completion of the Merger should be reported for the taxable year which

includes October 31, 2018. A calendar year shareholder would report the transaction on a 2018 federal income tax return. The holding period of River Financial common stock received in exchange for shares of Company common stock will include the holding period of the Company common stock for which it is exchanged. A holder of Company common stock who received cash in lieu of a fractional share of River Financial common stock will generally be treated as having received the fractional share pursuant to the Merger and then as having sold the fractional share of common stock for cash.

No ruling from the Internal Revenue Service (the "IRS") has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the merger described in this report. This report is not binding on the IRS and the IRS and the U.S. courts could disagree with one or more of the positions described above.

This information in this form does not constitute tax advice and each holder of PSB Bancshares, Inc. common stock is urged to consult its tax advisor with respect to the application of United States federal income tax laws to the holder's particular situation.