(December 2017 Department of the Treasury

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

Internal Revenue Service Reporting Issuer Part I 2 Issuer's employer identification number (EIN) Issuer's name C&F Financial Corporation, as successor to Peoples Bankshares, Incorporated 54-1680165 3 Name of contact for additional information 4 Telephone No. of contact 5 Email address of contact Matthew P Dolci mdolci@cffc.com 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 3600 La Grange Parkway Toano, Virginia 23168 9 Classification and description 8 Date of action January 1, 2020 Common stock of Peoples Bankshares, Incorporated 10 CUSIP number 11 Serial number(s) 12 Ticker symbol 13 Account number(s) PBVA N/A Organizational Action Attach additional statements if needed. See back of form for additional guestions. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► See attachment. 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 attachment. 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.

Pa	rt II		Organizational Action (continued)				
17				n(s) and subsection(s) upon which the tax t	reatment	is based >	See attachment.
	Liot		applicable internal revenue code section	(a) and subsection(s) apon which the tax t	. Outimorit	10 00000	occ attacriment.
18	Car	n anv	resulting loss be recognized? ► See att	tachment			
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19	Pro	vide	any other information necessary to imple	ment the adjustment, such as the reportat	ole tax ye	ar ▶ <u>See atta</u>	achment.
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	l'i	Unaer belief,	it is true, correct, and complete. Declaration of	mined this return, including accompanying sche f preparer (other than officer) is based on all info	edules and rmation of	statements, a which prepare	nd to the best of my knowledge and Ir has any knowledge.
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Her	<u>م</u>	Siana	ture > May Oule	Tol	Date ►	February	14, 2020
	'	olyria	uie 2		Date		,
		Print v	your name ► Matthew P Dolci		Title ▶	Vice Presid	ent, Controller
Pai			Print/Type preparer's name	Preparer's signature	Date		Check if PTIN
Pre		er					self-employed
Use			Firm's name ►			F	Firm's EIN ▶
		· · · y	Firm's address ▶			F	Phone no.
Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054							n, UT 84201-0054

C&F Financial Corporation (as successor to Peoples Bankshares, Incorporated) EIN: 54-1680165 Attachment to Form 8937

Item 14.

On January 1, 2020, pursuant to the terms of the Agreement and Plan of Reorganization dated August 13, 2019 (the Agreement), Peoples Bankshares, Incorporated (Peoples) was merged (the Merger) with and into C&F Financial Corporation (the Corporation) (NASDAQ: CFFI). Upon completion of the Merger, each outstanding share of Peoples common stock was converted into a right to receive 0.5366 shares of the Corporation's common stock and \$27.00 in cash. Pursuant to the terms of the Agreement, any shareholder that would have been entitled to receive a fractional number of shares of the Corporation's common stock received cash in lieu of any fraction of a share.

Items 15 and 16.

The Corporation believes that the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code (the Code). The aggregate tax basis of the shares of the Corporation's common stock received by shareholders of Peoples will be equal to the aggregate tax basis the shares of Peoples common stock surrendered, reduced by the amount of cash received in the exchange (excluding cash received in lieu of a fractional share of the Corporation's common stock) and increased by the amount of gain, if any, recognized on the exchange (excluding any gain related to cash received in lieu of a fractional share, discussed below).

Shareholders will recognize gain on the exchange to the extent that the sum of the cash received and the fair market value of the shares of the Corporation's common stock received exceed the tax basis of Peoples common stock surrendered, but not more than the amount of cash received in the exchange. Shareholders will not recognize loss on the exchange. For purposes of measuring the amount of gain to be recognized, the fair market value of the Corporation's common stock on January 1, 2020 was \$55.33 per share, based its closing price on December 31, 2019 on the NASDAQ stock exchange.

In general, the new tax basis of each share of the Corporation's common stock received in the exchange will be equal to the shareholder's per share basis in Peoples common stock divided by 0.5366, but not more than the fair market value of the Corporation's common stock on the date of the Merger (\$55.33 per share).

Item 17.

The Corporation believes that the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code. In general, the income tax consequences to the shareholders are determined under Sections 302, 354, 356, 358, and 1221 of the Code.

Item 18.

In general, no loss will be recognized on the exchange. A shareholder who receives cash in lieu of a fractional share will recognize gain or loss related to the fractional share as discussed below.

Item 19.

The effects of the Merger, including any related gain and adjustment to tax basis, will be taken into account in the tax year of the shareholder during which the Merger occurred, which is 2020 for calendar year taxpayers.

Shareholders who receive cash in lieu of a fractional share of the Corporation's common stock are treated as receiving the fractional share of stock in the exchange and then as having the fractional share redeemed by the Corporation for cash. The redemption of the fractional share by the Corporation for cash results in gain or loss for the shareholder under Section 302 of the Code. The gain or loss is measured as the difference between the amount of cash received and the shareholder's new basis in the Corporation's common stock. Cash in lieu of fractional shares was distributed at a rate of \$54.743 per share.

The information contained in this form is for general information purposes only and is not intended to be, and may not be construed as, tax advice. Holders of Peoples common stock are urged to consult their tax advisors with respect to the application of U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the U.S. federal estate or gift tax rules, or under the laws of any state, local, foreign or other taxing jurisdiction or under any applicable tax treaty.