

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name VALLEY REPUBLIC BANCORP		2 Issuer's employer identification number (EIN) 81-1737103	
3 Name of contact for additional information STEPHEN ANNIS	4 Telephone No. of contact 661-371-2000	5 Email address of contact S.ANNIS@VRBANK.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 5000 CALIFORNIA AVENUE, SUITE 110		7 City, town, or post office, state, and ZIP code of contact BAKERSFIELD, CA 93309	
8 Date of action 12/29/2017		9 Classification and description COMMON STOCK	
10 CUSIP number 92007L103	11 Serial number(s) N/A	12 Ticker symbol VLLX	13 Account number(s) 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 ▶ **ON NOVEMBER 29, 2017, VALLEY REPUBLIC BANCORP ("VRB") DECLARED A 5% STOCK DIVIDEND PAYABLE TO SHAREHOLDERS OF RECORD AS OF DECEMBER 15, 2017, PAYABLE ON DECEMBER 29, 2017. SOME SHAREHOLDERS WILL RECEIVE CASH IN LIEU OF FRACTIONAL SHARES.**

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 ▶ **SHAREHOLDERS RECEIVED A 5% COMMON STOCK DIVIDEND. SHAREHOLDERS WHO RECEIVED SUCH DIVIDENDS WILL HAVE THEIR BASIS IN VALLEY REPUBLIC BANCORP COMMON STOCK EFFECTED AS FOLLOWS:**

- THE TOTAL BASIS OF INDIVIDUAL STOCK HOLDINGS WILL NOT CHANGE SUBSEQUENT TO THE DIVIDEND.
- SHAREHOLDERS' TOTAL BASIS IN THEIR VRB COMMON STOCK WILL NOT CHANGE AS A RESULT OF THIS TRANSACTION. THE BASIS OF SUCH STOCK WILL BE ALLOCATED BETWEEN THE OLD STOCK AND THE NEWLY DISTRIUBATED STOCK DIVIDEND.
- NO GAIN OR LOSS SHOULD BE RECOGNIZED AS A RESULT OF THIS TRANSACTION, EXCEPT FOR CASH PAID IN LIEU OF FRACTIONAL SHARES.
- PLEASE CONSULT WITH YOUR TAX ADVISOR FOR SPECIFIC ALLOCATION METHOD.

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 ▶ **SHAREHOLDERS' TOTAL BASIS IN THEIR STOCK HOLDINGS WILL NOT CHANGE, BUT WILL BE ALLOCATED BETWEEN OLD STOCK AND NEW STOCK RECEIVED IN THE 5% DIVIDEND BASED UPON THE RELATIVE FAIR MARKET VALUE. SINCE FAIR MARKET VALUE WILL BE THE SAME (PER SHARE) BETWEEN THE OLD STOCK AND NEW STOCK, THE BASIS OF THE OLD STOCK WILL BE APPROXIMATELY 95.24% OF THE SHAREHOLDERS' BASIS WHILE THE NEW STOCK WILL BE APPROXIMATELY 4.76%. PLEASE CONSULT YOUR TAX ADVISOR FOR SPECIFIC CALCULATIONS.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► **TAX TREATMENT OF THE STOCK DIVIDEND IS BASED ON THE FOLLOWING INTERNAL REVENUE CODE ("IRC") SECTIONS AND SUBSECTIONS: IRC SECTIONS 301, 302, 305, 307, AND REG. 1.307-1. DETERMINING THE ACTUAL TAX CONSEQUENCES OF THE DISTRIBUTIONS TO YOU MAY BE COMPLEX AND WILL DEPEND ON YOUR SPECIFIC SITUATION AND ON FACTORS THAT ARE NOT WITHIN OUR CONTROL. YOU SHOULD CONSULT YOUR OWN INDEPENDENT TAX ADVISOR AS TO THE SPECIFIC TAX CONSEQUENCES OF THESE DISTRIBUTIONS.**

18 Can any resulting loss be recognized? ► **EACH U.S. HOLDER OF VRB COMMON STOCK MAY RECOGNIZE A GAIN OR LOSS WITH RESPECT TO CASH RECEIVED IN LIEU OF FRACTIONAL SHARES. PLEASE CONSULT YOUR TAX ADVISOR IF YOU HAVE QUESTIONS ABOUT THE TAX IMPLICATIONS OF CASH PAID FOR FRACTIONAL SHARES.**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► **THE REPORTABLE TAX YEAR IS THE SHAREHOLDER'S TAX YEAR THAT INCLUDES DECEMBER 29, 2017.**

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 ► 1/12/2019

Print your name ► **STEPHEN M. ANNIS** Title ► **EVP - CFO**

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.