

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

IRC SECTION 368 (A)

IRC SECTION 354

IRC SECTION 356

IRC SECTION 358

IRC SECTION 1221

18 Can any resulting loss be recognized? ▶ SEE ATTACHMENT

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ THE REPORTABLE TAX YEAR IS DECEMBER 31, 2018.

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 ▶ _____

Print your name ▶ _____ Title ▶ _____

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	ROBERT PARKER, CPA				P00868782
	Firm's name ▶ CROWE LLP	Firm's address ▶ 720 COOL SPRINGS BLVD, STE 600, FRANKLIN, TN 37067		Firm's EIN ▶ 35-0921680	Phone no. 615-360-5500

Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities
CapStar Financial Holdings, Inc.
FEIN: 81-1527911

For purposes of this attachment, "CapStar" refers to the issuer, CapStar Financial Holdings, Inc. "Athens" refers to Athens Bancshares Corporation (FEIN: 27-0920126).

Part II, Line 14

The organizational action was a tax-free reorganization for U.S. federal tax purposes in which Athens merged with and into CapStar, with CapStar surviving the merger and continuing under the name "CapStar Financial Holdings, Inc." Immediately following the merger, Athens Federal Community Bank, National Association, a wholly owned subsidiary of Athens, merged with and into CapStar Bank, a wholly owned subsidiary of CapStar, with CapStar Bank continuing as the surviving entity. The effective time of the merger was October 1, 2018 ("Effective Time"). Shareholders of Athens common stock who held their shares of Athens common stock of record (directly or through their broker or nominee) as of the Effective Time received shares of CapStar common stock (or cash in lieu of a fractional share).

Part II, Line 15

Each Athens common shareholder of record as of the Effective Time became entitled to receive from CapStar 2.864 shares of CapStar common stock for each of their former shares of Athens common stock subject to surrender of the old Athens shares; plus potentially a cash payment in lieu of the issuance of any fractional share of CapStar common stock.

The basis of CapStar shares received in the merger will be generally determined in accordance with IRC Section 358(a), as follows:

- The basis of Athens shares surrendered,
- Reduced by the cash received in the merger, and
- Increased by any gain recognized in the exchange, computed on a per share basis

The following information is necessary to compute gain to be recognized in the exchange on a per share basis as to each share of Athens common stock that was held by a holder of record as of the Effective Time:

- Fair market value of CapStar common shares received per Athens common share: $\$16.70 \times 2.864$ shares = \$47.82 per share

To determine 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 the old basis, the following scenarios should be used to determine the per share gain to be recognized by a holder of record of a share of Athens common stock as of the Effective Time. Athens shareholders should note that cash payments in lieu of fractional shares are expressly not considered in the scenarios described.

- If the adjusted basis in an individual share of Athens stock is greater than or equal to \$47.82, recognized gain should be \$0.
- If the adjusted basis in an individual share of Athens stock is less than or equal to \$47.82, realized gain should equal the amount by which \$47.82 exceeds shareholder's adjusted basis in Athens shares. Gain will only be recognized to the extent boot (cash) was received.

Part II, Line 16

The basis of CapStar shares received, once computed as per above, must be allocated to the individual CapStar shares received in accordance with Treasury Regulation §1.358-2(a). See also Proposed Treasury Regulation §1.358-2(b).

Part II, Line 18

Based upon the merger agreement and the facts and circumstances known by CapStar, no loss will be recognized for federal income tax purposes in this transaction by Athens shareholders who received CapStar common stock in exchange for their Athens common stock.