Form **8937**(December 2011) Department of the Treasury Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions

OMB No. 1545-2224

Internal Revenue Service			- coo coparato metraction	,			
Part I Reporting	Issuer						
1 Issuer's name		2 Issuer's employer identification number (EIN)					
PREMIER FINAN	CIAL BANCO	61-1206757					
3 Name of contact for ad	ditional information	4 Telephon	e No. of contact	5 Email address of contact			
BRIEN CHASE,	CFO	(304)-	525-1600				
6 Number and street (or	P.O. box if mail is not	7 City, town, or post office, state, and Zip code of contact					
2883 FIFTH <i>A</i>	AVENUE	HUNTINGTON, WV 25702					
8 Date of action	9 Class	9 Classification and description					
	016	COMM	ON STOCK				
10 CUSIP number	11 Serial number	(s)	12 Ticker symbol	13 Account number(s)			
74050M105	N/A		PFBI	N/A			
Part II Organizati		ch additional	statements if needed. S	See back of form for additional questions.			
14 Describe the organiz	ational action and, if	applicable, the		date against which shareholders' ownership is measured for			
the action ► <u>SEE</u>	ATTACHMENT	1					
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							
	<u>-</u>						
-							
16 Describe the calculate valuation dates ► S	-		data that supports the calc	ulation, such as the market values of securities and the			

Par	t II	Organizational Action (continued)			· · · · · · · · · · · · · · · · · · ·	
17	List th	ne applicable Internal Revenue Code section	(s) and subsection(s) upon which the tax tre	eatment is based ►	SEE ATTACHMENT	
18 Can any resulting loss be recognized? ► SEE ATTACHMENT						
-						
19	Provi	de any other information necessary to implen	nent the adjustment, such as the reportable	etax year ▶_ SEI	E ATTACHMENT	
		der penalties of perjury, I declare that I have examilief, it is true, correct, and complete. Declaration of				
Sigr	۱					
Here	_	gnature ▶		Date ►		
		nt your name ► Print/Type preparer's name	Preparer's signature	Title ► Date	Charl D # PTIN	
Paid			,		Check if P00868782	
	pare Onl	Firm's name CROWE HORWATH		'	Firm's EIN ▶ 35-0921680	
		Firm's address ► 720 COOL SPRINGS	BLVD, SUITE 600, FRANKLIN,		Phone no. 615-360-5500	
Send	Form	8937 (including accompanying statements) t	o: Department of the Treasury, Internal Re	venue Service, Ogd	en, UT 84201-0054	

Attachment to Form 8937 Report of Organizational Actions Affecting Basis of Securities Premier Financial Bancorp, Inc. FEIN: 61-1206757

Part II, Line 14

Premier Financial Bancorp, Inc. ("Premier") issued a 10% prorata stock dividend to shareholders of record on December 2, 2016, paid on December 9, 2016. Premier also issued a cash dividend of \$0.15 per share to shareholders of record on December 15, 2016, paid on December 31, 2016.

Part II, Line 15

Shareholders received a 10% prorata stock dividend in Premier. Shareholders who received such dividends will have their basis in Premier effected as follows:

- The total basis of individual stock holdings in Premier will not change subsequent to the dividend.
- Shareholders' total basis in their Premier stock will not change as a result of this transaction. The
 basis of such stock will be allocated between the old stock and newly distributed dividend stock.
 Please consult your tax advisor for specific allocation method.
- No gain or loss should be recognized as a result of this transaction.

The cash dividend of \$0.15 per share does not affect the shareholder's basis, but does create a taxable event.

Part II, Line 16

Shareholders total basis in their stock holdings will not change, but will be allocated between old stock and new stock received in 10% dividend based on relative fair market value. Since fair market value will be the same (per share) between old stock and new stock, old stock basis will be approximately 91% of shareholder's total basis while new stock will be approximately 9%. Please consult your tax advisor for specific calculations.

Part II, Line 17

Tax treatment of the stock and cash dividend is based on the following Internal Revenue Code (IRC) sections and subsections: IRC Section 301, 305, 307 and Reg. 1.307-1

Part II, Line 18

No loss can be recognized as a result of this transaction.

Part II, Line 19

The reportable tax year of the adjustment to the basis of the securities as a result of the organizational action is the shareholder's tax year that includes December 9, 2016. The cash dividend paid on December 31, 2016 will be included in shareholders taxable income in the tax year that included the same date.