

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
PREMIER FINANCIAL BANCORP, INC.		61-1206757	
3 Name of contact for additional information	4 Telephone 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 delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
2883 FIFTH AVENUE		HUNTINGTON, WV 25702	
8 Date of action		9 Classification and description	
OCTOBER 12, 2018		COMMON STOCK	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
74050M105	N/A	PFBI	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▶ EFFECTIVE OCTOBER 12, 2018, PREMIER FINANCIAL BANCORP, INC. ("PREMIER")
ACQUIRED FIRST BANK OF CHARLESTON, INC. ("FIRST BANK") THROUGH A MERGER TRANSACTION AND
FIRST BANK SIMULTANEOUSLY MERGED INTO PREMIER. THE MERGER QUALIFIED AS A TAX-FREE
REORGANIZATION UNDER SECTION 368 OF THE INTERNAL REVENUE CODE.

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▶ PURSUANT TO THE AGREEMENT AND PLAN OF MERGER, EACH SHARE OF
FIRST BANK COMMON STOCK WAS EXCHANGED FOR 1.199 SHARES OF PREMIER COMMON STOCK AND \$5.00
CASH PLUS CASH IN LIEU OF FRACTIONAL SHARES. IN ADDITION, IMMEDIATELY PRIOR TO THE EFFECTIVE
TIME OF THE MERGER, FIRST BANK SHAREHOLDERS RECEIVED A SPECIAL DIVIDEND OF \$5.00 PER SHARE
FROM THE EQUITY OF FIRST BANK. BOTH PREMIER AND FIRST BANK INTEND TO TREAT THE SPECIAL
DIVIDEND AS PART OF THE MERGER CONSIDERATION PAID BY PREMIER.
THE AGGREGATE TAX BASIS OF PREMIER SHARES RECEIVED BY FIRST BANK SHAREHOLDERS IN THE
TRANSACTION WILL BE GENERALLY DETERMINED IN ACCORDANCE WITH IRC SECTION 358(A) AS FOLLOWS:
(1)THE BASIS OF FIRST BANK SHARES EXCHANGED
(2)REDUCED BY THE CASH RECEIVED IN THE MERGER
(3)INCREASED BY ANY GAIN RECOGNIZED IN THE EXCHANGE, COMPUTED ON A PER SHARE BASIS.

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▶ EACH SHAREHOLDER OF FIRST BANK STOCK WILL RECEIVE 1.199 SHARES OF PREMIER
COMMON STOCK AND \$5.00 CASH, PLUS CASH IN LIEU OF FRACTIONAL SHARES. IN ADDITION, FIRST
BANK SHAREHOLDERS WILL RECEIVE A SPECIAL DIVIDEND OF \$5.00 PER SHARE, WITH THE INTENT BEING
TO TREAT THIS DIVIDEND AS PART OF THE MERGER CONSIDERATION. THIS BEING THE CASE, THE SHARE-
HOLDER WILL GENERALLY RECOGNIZE CAPITAL GAIN (DISCUSSED IN #18), WITH THE NATURE OF THE
GAIN BEING DETERMINED BY HOW LONG FIRST BANK STOCK WAS HELD BY EACH INDIVIDUAL SHAREHOLDER.
THE TOTAL BASIS OF PREMIER SHARES RECEIVED, ONCE COMPUTED, MUST BE ALLOCATED TO THE
INDIVIDUAL PREMIER SHARES RECEIVED IN ACCORDANCE WITH TREASURY REGULATIONS 1.358-2(A). IN
CASES WHERE A SHAREHOLDER HAD SEPARATE TRANCHES OF FIRST BANK SHARES, SEE EXAMPLES (1) AND
(2) UNDER TREASURY REGULATION 1.358-2(C) FOR RULES RELATING TO SPECIFIC ALLOCATION OF
BASIS. EACH FIRST BANK SHAREHOLDER SHOULD CONSULT THEIR TAX ADVISOR FOR SPECIFIC GUIDANCE.

For Paperwork Reduction Act Notice, see the separate Instructions.

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 MERGER IS BASED ON THE FOLLOWING INTERNAL REVENUE CODE (IRC) SECTIONS AND SUBSECTIONS AS MORE FULLY DISCUSSED BELOW:

- 368(A)
- 354
- 356
- 358
- 1221

18 Can any resulting loss be recognized? ► FIRST BANK SHAREHOLDERS RECEIVING A COMBINATION OF PREMIER STOCK AND CASH WILL GENERALLY RECOGNIZE CAPITAL GAIN, BUT NOT LOSS, EQUAL TO THE LESSER OF THE TOTAL GAIN REALIZED (DIFFERENCE BETWEEN VALUE OF CASH AND STOCK RECEIVED OVER INDIVIDUAL TAX BASIS IN FIRST BANK STOCK SURRENDERED) AND THE AMOUNT OF CASH RECEIVED IN ACCORDANCE WITH IRC SECTION 356(A)(1) AND IRC SECTION 1001. EACH FIRST BANK SHAREHOLDER SHOULD CONSULT THEIR TAX ADVISOR FOR SPECIFIC GUIDANCE.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► 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 OCTOBER 12, 2018.

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 ► _____

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, SUITE 600, FRANKLIN, TN 37067		Firm's EIN ► 35-0921680	Phone no. 615-360-5500