

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	
JUNE 4, 2018		FIVE-FOR-FOUR COMMON STOCK SPLIT	
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 ▶ On May 16, 2018, the board of directors of Premier Financial Bancorp, Inc. ("PFBI") declared a five-for-four stock split of PFBI's outstanding common stock to shareholders of record as of June 4, 2018. Each shareholder received one additional share of PFBI common stock for each four shares held on June 4, 2018. The new shares were issued to shareholders on June 8, 2018.

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 ▶ As a result of the five-for-four stock split, shareholders received one additional share of common stock for each four shares owned as of June 4, 2018. In accordance with Internal Revenue Code Section 307(a), each shareholder is required to allocate the aggregate tax basis in their PFBI common stock held immediately prior to the five-for-four stock split among the shares of PFBI common stock held immediately after the five-for-four stock split. The effect to each shareholder is a reduction of their existing tax basis per share prior to the stock split of 20%, but each shareholder's total basis and proportionate interest in PFBI remained the same. Any fractional shares resulting from the five-for-four stock split were exchanged for cash at a rate of \$21.23 per whole share.

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 ▶ A shareholder will multiply the basis in each share held before the stock split by 4/5 to determine the per-share basis, after the stock split, in that share and the additional shares distributed in the stock split.

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 305 (a)

IRC SECTION 307 (a)

18 Can any resulting loss be recognized? ▶ Except to the extent of cash received in lieu of fractional shares, PFBI shareholders will generally not recognize a gain or loss in connection with the five-for-four stock split.

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

[Handwritten Signature]

Date ▶

6/1/2018

Print your name ▶

Robert M. Chase

Title ▶

SVP & CFO

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
ROBERT PARKER, CPA	<i>[Handwritten Signature]</i>	2018.06.01 11:13:57		P00868782
Firm's name ▶ CROWE HORWATH LLP		05'00'	Firm's EIN ▶ 35-0921680	
Firm's address ▶ 720 COOL SPRINGS BLVD, STE 600, FRANKLIN, TN 37067			Phone no. 615-360-5500	