



**Part II Organizational Action** (continued)

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

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**18** Can any resulting loss be recognized? ▶ SEE ATTACHMENT

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**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHMENT

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**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 ▶ \_\_\_\_\_

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

**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.