

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ In general, the income tax consequences to the shareholders are determined under Internal Revenue Code sections 302, 354, 356, 358, 368 and 1221.

18 Can any resulting loss be recognized? ▶ In general, each FNCB shareholder who received PFIS common stock for all of their FNCB stock cannot recognize any loss. A FNCB shareholder who received cash in lieu of a fractional share of PFIS common stock may recognize loss if the amount of cash received is less than the basis in the fraction share, as applicable.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶
In general, any adjustments to the tax basis that causes gain or loss recognized by FNCB shareholder as a result of the completion of the Merger should be reported for the taxable year which includes July 1, 2024. A calendar year shareholder would report the transaction on a 2024 federal income tax return. The holding period of PFIS common stock received in exchange for shares of FNCB common stock will include the holding period of the FNCB common stock for which it was exchanged. Where cash is received in lieu of a fractional share of PFIS common stock will generally be treated as having received the fractional share pursuant to the merger and then as having sold the fractional share of PFIS common stock for cash. As a result, a holder of the FNCB common stock will generally recognize gain or loss equal to the difference between the cash received and the basis in his or her fractional share interest. The gain or loss will generally be long-term capital gain or loss if, as of the effective date of the merger, the holding period for such shares is greater than one year. Capital loss deductibility may be subject to limitations.

The information herein does not constitute tax advise and does not purport to be complete or explain the consequences that may apply to particular categories of shareholders. All shareholders are expected and urged to consult their own tax advisors if they have questions regarding the information provided on this form or their use of it.

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 ▶ 8/14/2024

Print your name ▶ John Anderson

Title ▶ Chief Financial Officer

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	