

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name PSB HOLDINGS, INC.		2 Issuer's employer identification number (EIN) 39-1804877	
3 Name of contact for additional information MARK C. OLDENBERG	4 Telephone No. of contact 715-847-4100	5 Email address of contact MARK.OLDENBERG@BANKPEOPLES.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 1905 W. STEWART AVE. PO BOX 1686		7 City, town, or post office, state, and ZIP code of contact WAUSAU, WI 54402-1686	
8 Date of action JULY 31, 2018		9 Classification and description PSB HOLDINGS, INC. COMMON STOCK	
10 CUSIP number 69360N-108	11 Serial number(s)	12 Ticker symbol PSBQ	13 Account number(s)

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 June 12, 2018 the Board of Directors of PSB HOLDINGS, INC. (PSB) declared a 3-for-1 stock split executed in the form of a stock dividend of two shares of common stock for every one share of common stock outstanding. The stock dividend will be payable on July 31, 2018 to shareholders of record as of July 12, 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 ▶ Each PSB shareholder will be paid a stock dividend of two shares for each share owned as of July 12, 2018, the record date. For example, a shareholder owning 1,000 shares of PSB stock on July 12, 2018 will receive as additional 2,000 shares on July 31, 2018 and will own 3,000 after the dividend.

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 ▶ The change in basis is calculated as follows:

Divide the cumulative basis of the shareholders stock holdings prior to the July 31, 2018 dividend by the total number of shares held by the shareholder after receiving the July 31, 2018 stock dividend shares. The result is the new basis for each share of stock, for example:

Total cumulative cost basis in shares held prior to the July 31, 2018 stock dividend \$72,000.

Total number of shares held prior to the July 31, 2018 stock dividend = 1,000 shares (cost basis \$72,000 / 1,000 = \$72.00)

Number of new shares received with the July 31, 2018 stock dividend = 2,000 shares (1,000 x 2 = 2,000)

New PSB cost basis per share = \$72,000 / 3,000 total shares = \$24.00 per share cost basis

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► Code Section 6045B requires reporting by the issuer of stock with respect to organizational actions that affect the basis of the stock. PSB HOLDINGS, INC. issued a non-taxable 3-for-1 stock split in the form of a stock dividend payable in shares of PSB HOLDINGS, INC. to shareholders on July 31, 2018. Per IRS Code 305(a) the stock distribution is non-taxable and per IRS Code 307(a) the basis of the stock is allocated to the total number of shares after the distribution.

18 Can any resulting loss be recognized? ► No loss is recognized on the stock split.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► N/A

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 ► Mark C. Oldenberg Date ► July 31, 2018
Print your name ► Mark C. Oldenberg 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.