NEWS RELEASE

PSB Holdings, Inc. Reports 3rd Quarter Earnings of $3.6 Million, or $0.82 Per Share; Robust Loan Origination Activity During the Quarter

2021-10-27

WAUSAU, Wis., Oct. 27, 2021 (GLOBE NEWSWIRE) -- PSB Holdings, Inc. (“PSB”) (OTCQX: PSBQ), the holding company for Peoples State Bank serving Northcentral and Southeastern Wisconsin, reported third quarter earnings ending September 30, 2021 of $0.82 per share on net income of $3.6 million, compared to earnings of $0.48 per share on net income of $2.1 million, during the June 30, 2021 quarter, and $0.59 per share on net income of $2.6 million, during the third quarter a year ago. June 30, 2021 quarterly earnings would have been $4.2 million, or $0.93 per share before merger related expenses associated with the purchase of Waukesha Bankshares, Inc.

“Loan demand has increased across the bank’s footprint led primarily by commercial real estate growth as commercial bankers have been busy originating loans for new and existing borrowers. In addition, quarterly deposit growth and SBA PPP loan paydowns continue to elevate cash and overnight investments. Income was driven by earning asset growth and lower operating ratios despite lower net interest margin as loan yields continue to decline in this low rate environment. The bank recently invested in a new residential mortgage origination system with capacity for growth and operating efficiencies to support non-interest income moving ahead,” stated Scott Cattanach, President and CEO.

Net Interest Margin Impact: PSB’s net interest margin decreased to 3.15% for the quarter ended September 30, 2021 from 3.48% the prior quarter. During the quarter, net interest margin was impacted by lower accretion of net PPP origination fee income totaling $559,000 for the current quarter versus $1.0 million during the prior quarter. Loan yield and net interest margin excluding PPP loan origination fee income would have been 3.98% and 2.97%, respectively during the September 2021 quarter compared to 3.95% and 3.12% in the June 2021 quarter. “We continue to see pressure on net interest margin due to larger balances of lower yielding liquid investments, existing loans repricing downward and competition for new loans at rates below our current weighted average yield,” said Mark Oldenberg, Chief Financial Officer.

Capital Management: At September 30, 2021, PSB's tangible equity to tangible asset ratio was 8.27% compared to 8.38% at June 30, 2021. Peoples State Bank capital was well in-excess of all regulatory requirements. Tangible net book value per share increased $0.54 during the quarter to $24.07 per share at September 30, 2021 from $23.53 per share at June 30, 2021. PSB repurchased 7,896 shares during the quarter ending September 30, 2021.

Loan Loss Reserves: PSB did not add to its provisions for loan losses during the third quarter of 2021 or during the second quarter of 2021. This compared to a $1.3 million provision in the third quarter of 2020. Allowance for loan losses increased by $179,000 to $12.0 million at September 30, 2021 due to net recoveries during the quarter. At September 30, 2021, allowance for loan losses totaled 1.35% of gross loans, but rises to 1.42% of adjusted gross loans excluding $24.3 million of PPP loans and $14.9 million of purchased USDA guaranteed loans. Loan loss provisions for the remainder of 2021 are expected to continue to be lower than provisions recorded during 2020 due to an improved economic outlook and expected favorable resolution to several large problem loans.

Loan Accommodations: Loan modifications related to COVID-19 increased from $1.4 million at June 30, 2021 to $5.9 million, or 0.67% of gross loans, at September 30, 2021. One hotel operator with a loan balance of $4.9 million was granted a three-month deferral in July 2021 in connection with closing of a SBA 504 program loan and is scheduled to return to regular payments in October 2021.

As shown in the table below during the September 2021 quarter, "impaired loans" increased $1.3 million and "substandard risk" loans increased $3.8 million, while "watch risk" loans decreased $6.3 million. The primary increase in "substandard risk" loans relates to financing provided for a new grocery operation that has yet to stabilize after opening during 2020.

Commercial, Commercial Real Estate, Construction & Development, Agricultural and Government Loans
($000)

Risk Rating		12/2019	03/2020	06/2020	09/2020	12/2020	03/2021	06/2021	09/2021
Rating 1	"High Quality"	$ -	$ 71	$ 55	$ -	$ -	$ -	$ -	$ 77
Rating 2	"Minimal Risk"	57,904	59,101	72,601	56,337	61,223	62,626	60,155	71,304
Rating 3	"Average Risk"	349,002	324,378	374,709	391,195	390,191	348,102	345,929	347,735
Rating 4	"Acceptable Risk"	128,932	123,296	154,302	155,738	175,400	209,407	209,728	226,501
Rating 5	"Watch Risk"	15,933	33,999	54,522	46,603	36,379	30,891	39,577	33,284
Rating 6	"Substandard Risk"	2,568	2,732	4,545	2,162	7,617	18,134	6,377	10,148
Rating 7	"Impaired Loans"	5,518	7,811	6,130	10,164	13,153	16,162	15,522	16,790
		$ 559,857	$ 551,388	$ 666,864	$ 662,199	$ 683,963	$ 685,322	$ 677,288	$ 705,839

Includes undisbursed Construction & Development lines of credit. PPP loan balances are assigned a risk-weighting of "3".

Balance Sheet and Asset Quality Review

Total assets increased to $1.30 billion at September 30, 2021 from $1.25 billion at June 30, 2021 due primarily to

securities and loan growth funded by $51.4 million in deposit growth. Securities available for sale increased $40.2 million to $301.9 million at September 30, 2021 from $261.7 million one quarter earlier. Total loans receivable increased by $11.2 million to $874.5 million at September 30, 2021 from $863.3 million as of June 30, 2021. Organic loan origination of $28.2 million, up 3.3% during the quarter, was offset by a $17.0 million reduction in SBA Paycheck Protection Program (PPP) loans as loans were forgiven and repaid by the SBA. At September 30, 2021, $24.3 million of PPP loan principal remained outstanding and unrealized net PPP origination fee income totaled $650,000.

The allowance for loan losses remained at 1.35% of gross loans at September 30, 2021 relative to the prior quarter (1.42% of gross loans net of PPP guaranteed loans and USDA guaranteed loans) and compared to 1.31% of gross loans one year earlier. Annualized net charge-offs to average loans reflected a net recovery at 0.08% for the quarter ended September 30, 2021. Non-performing assets were 1.16% of total assets at September 30, 2021, compared to 1.07% at June 30, 2021, and 0.85% at September 30, 2020. At September 30, 2021, non-performing assets consisted of $6.0 million in non-accrual loans, $1.5 million in non-accrual restructured loans, $5.2 million in restructured loans not on non-accrual and $2.4 million in other real estate owned.

At September 30, 2021, cash and cash equivalents remained elevated following the merger related addition of cash and securities held by Waukesha Bankshares, Inc. (“WBI”) and repayment of forgiveness received on SBA PPP loans and totaled $65.5 million at September 30, 2021 compared to $72.1 million at June 30, 2021, and $38.5 million at December 31, 2020. Investment securities totaled $301.9 million at September 30, 2021, compared to $261.7 million at June 30, 2021, and $228.3 million as of December 31, 2020 as cash was deployed to purchase securities with a higher yield than available on overnight cash. All investment securities are considered available for sale and carried at estimated market value.

Foreclosed assets increased to $2.4 million at September 30, 2021, from $2.0 million at June 30, 2021, as a closed branch office related to the acquisition of WBI was moved to foreclosed assets. Foreclosed assets were $1.6 million at the beginning of the fiscal year.

Total deposits increased to $1.08 billion at September 30, 2021, compared to $1.03 billion at June 30, 2021. At September 30, 2021, interest-bearing demand and savings deposits accounted for 35.9% of total deposits, followed by noninterest-bearing demand deposits at 26.9%, money market deposits at 19.9%, and retail and local time deposits at 15.5%. Broker and national time deposits accounted for 1.8% of total deposits at September 30, 2021, versus 1.5% at December 31, 2020. The bank has continued to experience larger average deposit balances, increased mobile banking enrollment and product usage as customers continue to adapt new banking habits accelerated by the pandemic.

FHLB advances decreased to $62.0 million at September 30, 2021 from $67.0 million at June 30, 2021 and were

unchanged compared to December 31, 2020, while other borrowings decreased to $17.1 million compared to $21.8 million the prior period and $12.2 million at December 31, 2020.

Operations Review

Net interest income totaled $9.6 million (on a net margin of 3.15%) for the third quarter of 2021, compared to $10.2 million (on net margin of 3.48%) for the second quarter of 2021 and $7.9 million (on a net margin of 3.03%) for the third quarter of 2020. Earning asset yields decreased 37 basis points from 3.78% to 3.41% during the third quarter of 2021, while deposit and borrowing costs declined 5 basis points to 0.37% from 0.42% over the same period. The decrease in earning asset yields was partially due to lower net accretion of loan fees of $559,000 related to PPP loans that were repaid compared to net accretion of $1.0 million during the June 30, 2021 quarter. Additionally, a larger balance of lower yielding investment securities contributed to the decrease in earning asset yields. Taxable security yields decreased from 1.44% in the quarter ended June 30, 2021 to 1.18% for the quarter ended September 30, 2021. Loan yields decreased to 4.23% during the quarter from 4.42% during the second quarter of 2021. Loan yields excluding the impacts of PPP loan origination fee income, were 3.98% and 3.95% during the September 2021 and June 2021 quarters respectively. Net interest margin excluding the impacts of PPP loan origination fee income, was 2.97% and 3.12% in the September 30, 2021 and June 30, 2021 quarters, respectively. Recognition of PPP loan fee income is expected to decline for fourth quarter 2021 as fewer PPP loans remain outstanding.

The cost of interest-bearing liabilities decreased during the quarter, largely reflecting lower rates associated with time deposits. The cost of deposits decreased to 0.15% for the quarter ended September 30, 2021 from 0.19% the prior quarter. “As a commercial bank with significant noninterest-bearing account balances, our ability to continue reducing the overall cost of deposits will likely be limited in the current interest rate environment,” continued Oldenberg. Deposit costs decreased $81,000 to $404,000 for the third quarter of 2021, from $485,000 the previous quarter. Interest costs on borrowings remained at $422,000, for the third quarter of 2021.

Total noninterest income for the third quarter of 2021 decreased to $2.1 million from $2.3 million for the second quarter of 2021, due in part to lower gains on the sale of mortgage loans and lower gains on sale of securities. Gains on sale of mortgage loans decreased to $494,000 for the third quarter from $663,000 in the second quarter of 2021, due to lower refinancing and mortgage origination activity and the decision to hold more first lien residential mortgage loans onto the balance sheet to utilize low yielding overnight funds.

Deposit and service fee income in the third quarter increased to $379,000 for the three months ended September 30, 2021, compared to $347,000 for the prior three-month period. Net gains on the sale of securities were zero for the third quarter of 2021, compared to $113,000 for the second quarter of 2021, and $38,000 for the quarter one year earlier. Commissions on customer investment and insurance sales decreased to $426,000, from $465,000 the

prior quarter. At September 30, 2021, the bank had wealth assets under management totaling $301.6 million compared to $300.0 million at June 30, 2021, and $244.5 million at September 30, 2020. For the third quarter ended September 30, 2021, other noninterest income was $563,000 compared to $554,000 the prior quarter.

Noninterest expense declined to $6.9 million for the third quarter of 2021, compared to $9.6 million for the second quarter of 2021. The second quarter of 2021 included $2.7 million of non-recurring merger related expenses. Salary and employee benefit expenses were $4.1 million for the third quarter of 2021 compared to $3.9 million in the second quarter of 2021.

Data processing and other office operations costs decreased to $828,000 for the quarter ended September 30, 2021 from $1.5 million the previous quarter which included contract termination and data conversion expenses of approximately $700,000. Advertising and promotion expenses were $199,000 for the most recent quarter compared to $322,000 last quarter which included a local multi-year sponsorship commitment and merger related communication. Other noninterest expenses decreased to $1.1 million for the third quarter ended September 30, 2021 from $3.1 million the previous quarter which included approximately $1.9 million in non-recurring professional fees and other merger related expenses.

About PSB Holdings, Inc.

PSB Holdings, Inc. is the parent company of Peoples State Bank. Peoples is a community bank headquartered in Wausau, Wisconsin, serving northcentral and southeastern Wisconsin from ten full-service banking locations in Marathon, Oneida, Vilas, Milwaukee and Waukesha counties and a loan production office in Stevens Point, Wisconsin. Peoples also provides investment and insurance products, along with retirement planning services, through Peoples Wealth Management, a division of Peoples. PSB Holdings, Inc. is traded under the stock symbol PSBQ on the OTCQX Market. More information about PSB, its management, and its financial performance may be found at **www.psbholdingsinc.com**.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates and projections about PSB Holdings' business based, in part, on assumptions made by management and include, without limitation, statements with respect to the potential growth of PSB Holdings, its future profits, expected stock repurchase levels, future dividend rates, future interest rates, and the adequacy of its capital position. Forward-looking statements can be affected by known and unknown risks, uncertainties, and other factors, including, but not limited to, strength of the economy, the effects of government policies, including interest rate policies, risks associated with the execution of PSB Holdings' vision and growth strategy, including with respect to current and future M&A activity,

and risks associated with global economic instability relating to the COVID-19 pandemic and its effect on PSB Holdings, and Peoples, and their customers, and other risks. The forward-looking statements in this press release speak only as of the date on which they are made and PSB Holdings does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this release.

PSB Holdings, Inc.
Quarterly Financial Summary
(dollars in thousands, except per share data)

	Quarter ended				
Earnings and dividends:	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020
Interest income	$ 10,449	$ 11,070	$ 10,482	$ 9,442	$ 9,155
Interest expense	$ 826	$ 907	$ 886	$ 1,011	$ 1,261
Net interest income	$ 9,623	$ 10,163	$ 9,596	$ 8,431	$ 7,894
Provision for loan losses	$ -	$ -	$ 1,000	$ 675	$ 1,300
Other noninterest income	$ 2,126	$ 2,299	$ 2,749	$ 2,991	$ 2,929
Other noninterest expense	$ 6,946	$ 9,607	$ 6,200	$ 6,461	$ 6,074
Net income	$ 3,638	$ 2,137	$ 3,896	$ 3,252	$ 2,637
Basic earnings per share (3)	$ 0.82	$ 0.48	$ 0.88	$ 0.73	$ 0.59
Diluted earnings per share (3)	$ 0.82	$ 0.48	$ 0.87	$ 0.73	$ 0.59
Dividends declared per share (3)	$ -	$ 0.23	$ -	$ 0.21	$ -
Tangible net book value per share (4)	$ 24.07	$ 23.53	$ 23.69	$ 23.43	$ 22.73
Semi-annual dividend payout ratio	n/a	17.04%	n/a	15.88%	n/a
Average common shares outstanding	4,450,755	4,454,922	4,454,334	4,452,287	4,452,287
Balance sheet - average balances:					
Loans receivable, net of allowances for loss	$ 862,555	$ 891,886	$ 827,595	$ 807,182	$ 800,611
Assets	$ 1,292,369	$ 1,251,738	$ 1,132,905	$ 1,100,064	$ 1,099,402
Deposits	$ 1,064,553	$ 1,023,229	$ 925,689	$ 896,427	$ 882,682
Stockholders' equity	$ 110,388	$ 105,932	$ 105,868	$ 102,790	$ 100,436
Performance ratios:					
Return on average assets (1)	1.12%	0.68%	1.39%	1.18%	0.95%
Return on average stockholders' equity (1)	13.08%	8.09%	14.92%	12.59%	10.45%
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets	8.39%	8.27%	9.10%	9.00%	8.85%
Net loan charge-offs to average loans (1)	-0.08%	0.00%	0.01%	0.16%	0.00%
Nonperforming loans to gross loans	1.43%	1.31%	1.39%	1.03%	0.98%
Nonperforming assets to total assets	1.16%	1.07%	1.13%	0.90%	0.85%
Allowance for loan losses to gross loans	1.35%	1.35%	1.40%	1.30%	1.31%
Nonperforming assets to tangible equity plus the allowance for loan losses (4)	12.87%	11.71%	11.06%	8.96%	8.50%
Net interest rate margin (1)(2)	3.15%	3.48%	3.62%	3.22%	3.03%
Net interest rate spread (1)(2)	3.04%	3.37%	3.49%	3.07%	2.84%
Service fee revenue as a percent of average demand deposits (1)	0.53%	0.51%	0.57%	0.59%	0.59%
Noninterest income as a percent of gross revenue	16.91%	17.20%	20.78%	24.06%	24.24%
Efficiency ratio (2)	58.40%	76.20%	49.64%	55.87%	55.41%
Noninterest expenses to average assets (1)	2.13%	3.08%	2.22%	2.34%	2.20%
Tangible equity to tangible assets	8.27%	8.38%	9.32%	9.22%	9.17%
Stock price information:					
High	$ 26.50	$ 26.50	$ 25.94	$ 23.00	$ 18.80
Low	$ 24.52	$ 25.00	$ 20.45	$ 17.20	$ 17.36
Last trade value at quarter-end	$ 24.95	$ 26.25	$ 25.25	$ 20.57	$ 18.00

(1) Annualized
(2) The yield on tax-exempt loans and securities is computed on a tax-equivalent basis using a federal tax rate of 21%.
(3) Due to rounding, cumulative quarterly per share performance may not equal annual per share totals.
(4) Tangible stockholders' equity excludes intangible assets.

PSB Holdings, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Quarter Ended Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020
Interest and dividend income:					
Loans, including fees	$ 9,323	$ 9,972	$ 9,442	$ 8,371	$ 8,068
Securities:					
Taxable	581	553	507	542	564
Tax-exempt	500	505	502	489	474
Other interest and dividends	45	40	31	40	49
Total interest and dividend income	10,449	11,070	10,482	9,442	9,155
Interest expense:					
Deposits	404	485	547	657	833
FHLB advances	220	221	215	228	304
Other borrowings	9	8	7	6	5
Senior subordinated notes	28	28	28	29	28
Junior subordinated debentures	165	165	89	91	91
Total interest expense	826	907	886	1,011	1,261
Net interest income	9,623	10,163	9,596	8,431	7,894
Provision for loan losses	-	-	1,000	675	1,300
Net interest income after provision for loan losses	9,623	10,163	8,596	7,756	6,594
Noninterest income:					
Service fees	379	347	332	352	344
Gain on sale of mortgage loans	494	663	1,152	1,401	1,752
Mortgage loan servicing, net	111	9	79	104	(79)
Investment and insurance sales commissions	426	465	595	391	301
Net gain on sale of securities	-	113	21	149	38
Increase in cash surrender value of life insurance	153	148	108	106	108
Other noninterest income	563	554	462	488	465
Total noninterest income	2,126	2,299	2,749	2,991	2,929
Noninterest expense:					
Salaries and employee benefits	4,099	3,915	3,460	4,084	3,526
Occupancy and facilities	614	647	569	511	566
Loss (gain) on foreclosed assets	28	23	130	(218)	36
Data processing and other office operations	828	1,499	694	568	743
Advertising and promotion	199	322	79	172	77
FDIC insurance premiums	121	58	83	82	87
Other noninterest expenses	1,057	3,143	1,185	1,262	1,039
Total noninterest expense	6,946	9,607	6,200	6,461	6,074
Income before provision for income taxes	4,803	2,855	5,145	4,286	3,449
Provision for income taxes	1,165	718	1,249	1,034	812
Net income	$ 3,638	$ 2,137	$ 3,896	$ 3,252	$ 2,637
Basic earnings per share	$ 0.82	$ 0.48	$ 0.88	$ 0.73	$ 0.59
Diluted earnings per share	$ 0.82	$ 0.48	$ 0.87	$ 0.73	$ 0.59

Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Three Months Ended September 2021	Three Months Ended September 2020	Nine Months Ended September 2021	Nine Months Ended September 2020
Interest and dividend income:				
Loans, including fees	$ 9,323	$ 8,068	$ 28,737	$ 24,688
Securities:				
Taxable	581	564	1,641	1,919
Tax-exempt	500	474	1,507	1,351
Other interest and dividends	45	49	116	214
Total interest and dividend income	10,449	9,155	32,001	28,172
Interest expense:				
Deposits	404	833	1,436	3,395
FHLB advances	220	304	656	947
Other borrowings	9	5	24	25
Senior subordinated notes	28	28	84	84
Junior subordinated debentures	165	91	419	273
Total interest expense	826	1,261	2,619	4,724
Net interest income	9,623	7,894	29,382	23,448
Provision for loan losses	-	1,300	1,000	4,900
Net interest income after provision for loan losses	9,623	6,594	28,382	18,548
Noninterest income:				
Service fees	379	344	1,058	1,013
Gain on sale of mortgage loans	494	1,752	2,309	4,486
Mortgage loan servicing, net	111	(79)	199	(267)
Investment and insurance sales commissions	426	301	1,486	909
Net gain on sale of securities	-	38	134	355
Increase in cash surrender value of life insurance	153	108	409	316
Other noninterest income	563	465	1,579	1,610
Total noninterest income	2,126	2,929	7,174	8,422
Noninterest expense:				
Salaries and employee benefits	4,099	3,526	11,474	9,928
Occupancy and facilities	614	566	1,830	1,618
Loss (gain) on foreclosed assets	28	36	181	130
Data processing and other office operations	828	743	3,021	2,062
Advertising and promotion	199	77	600	312
FDIC insurance premiums	121	87	262	110
Other noninterest expenses	1,057	1,039	5,385	3,123
Total noninterest expense	6,946	6,074	22,753	17,283
Income before provision for income taxes	4,803	3,449	12,803	9,687
Provision for income taxes	1,165	812	3,132	2,250
Net income	$ 3,638	$ 2,637	$ 9,671	$ 7,437
Basic earnings per share	$ 0.82	$ 0.59	$ 2.17	$ 1.67
Diluted earnings per share	$ 0.82	$ 0.59	$ 2.17	$ 1.67

PSB Holdings, Inc.
Consolidated Balance Sheets
September 30, June 30, and March 31, 2021, and September 30, 2020, unaudited, December 31, 2020 derived from audited financial statements

(dollars in thousands, except per share data)	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020
Assets					
Cash and due from banks	$ 20,813	$ 18,589	$ 12,921	$ 15,723	$ 13,652
Interest-bearing deposits	1,044	906	985	1,056	1,750
Federal funds sold	43,637	52,643	16,027	21,749	61,383

Cash and cash equivalents	65,494	72,138	29,933	38,528	76,785
Securities available for sale (at fair value)	301,853	261,685	227,824	228,296	193,179
Bank certificates of deposit (at cost)	245	245	1,231	1,231	496
Loans held for sale	214	1,756	622	954	903
Loans receivable, net	874,524	863,254	829,964	820,956	791,951
Accrued interest receivable	3,273	3,299	3,335	3,527	3,629
Foreclosed assets	2,398	1,984	1,105	1,619	1,485
Premises and equipment, net	12,725	13,241	11,077	10,920	11,061
Mortgage servicing rights, net	1,702	1,696	1,732	1,657	1,638
Federal Home Loan Bank stock (at cost)	2,646	2,646	2,283	2,283	2,283
Cash surrender value of bank-owned life insurance	24,154	24,001	17,902	17,795	17,089
Core deposit intangible	581	629	-	2	4
Goodwill	2,541	2,541	113	113	113
Other assets	5,313	5,523	5,102	4,074	3,667
TOTAL ASSETS	$ 1,297,663	$ 1,254,638	$ 1,132,223	$ 1,131,955	$ 1,104,283
Liabilities					
Non-interest-bearing deposits	$ 291,440	$ 273,181	$ 242,974	$ 236,981	$ 241,947
Interest-bearing deposits	791,601	758,445	682,877	695,156	658,667
Total deposits	1,083,041	1,031,626	925,851	932,137	900,614
Federal Home Loan Bank advances	62,000	67,000	62,000	62,000	67,000
Other borrowings	17,129	21,757	18,582	12,239	16,216
Senior subordinated notes	2,500	2,500	2,500	2,500	2,500
Junior subordinated debentures	12,691	12,666	7,732	7,732	7,732
Accrued expenses and other liabilities	10,143	11,103	9,918	10,920	8,871
Total liabilities	1,187,504	1,146,652	1,026,583	1,027,528	1,002,933
Stockholders' equity					
Preferred stock - no par value: Authorized - 30,000 shares; no shares issued or outstanding	-	-	-	-	-
Common stock - no par value with a stated value of $1.00 per share: Authorized - 6,000,000 shares; Issued - 5,490,798 shares Outstanding - 4,447,026, 4,454,922, 4,454,922, 4,452,287 and 4,452,287 shares, respectively	1,830	1,830	1,830	1,830	1,830
Additional paid-in capital	8,003	7,946	7,890	7,818	7,765
Retained earnings	112,502	108,863	107,751	103,855	101,538
Accumulated other comprehensive income (loss), net of tax	1,530	2,869	1,691	4,458	3,751
Treasury stock, at cost - 1,043,772, 1,035,876, 1,035,876, 1,038,511 and 1,038,511 shares, respectively	(13,706)	(13,522)	(13,522)	(13,534)	(13,534)
Total stockholders' equity	110,159	107,986	105,640	104,427	101,350
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,297,663	$ 1,254,638	$ 1,132,223	$ 1,131,955	$ 1,104,283

PSB Holdings, Inc.
Consolidated Statements of Comprehensive Income

(dollars in thousands - unaudited)	Three Months Ended September 30, 2021	2020	Nine Months Ended September 30, 2021	2020
Net income	$ 3,638	$ 2,637	$ 9,671	$ 7,437
Other comprehensive income, net of tax:				
Unrealized gain (loss) on securities available for sale	(1,374)	670	(2,954)	2,936
Reclassification adjustment for security gain included in net income	-	(28)	(97)	(258)
Unrealized gain (loss) on interest rate swap	(5)	26	6	(316)

Reclassification adjustment of interest rate swap settlements included in earnings	40	38	117	87
Other comprehensive income (loss)	(1,339)	706	(2,928)	2,449
Comprehensive income	$ 2,299	$ 3,343	$ 6,743	$ 9,886

PSB Holding, Inc.
Loan Composition by Purpose

Quarter-ended (dollars in thousands)	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020
Residential real estate:					
One to four family	$ 166,728	$ 169,456	$ 136,242	$ 125,530	$ 114,226
HELOC loans	18,011	18,263	16,908	18,312	19,747
Residential construction & development	25,162	24,385	25,628	25,519	22,529
Residential vacant land	6,629	2,172	2,524	3,305	3,147
Total Residential real estate	216,530	214,276	181,302	172,666	159,649
Commercial/Agricultural real estate:					
Owner occupied					
Commercial real estate	203,509	202,767	194,514	187,059	164,073
SBA commercial real estate	1,140	1,164	1,445	1,483	1,506
Agriculture real estate	4,046	4,188	4,787	4,429	4,677
Construction and land development	17,705	6,460	4,121	5,468	13,557
Commercial vacant land	3,572	6,490	2,998	2,835	2,819
Total Owner occupied	229,972	221,069	207,865	201,274	186,632
Non-owner occupied					
Commercial real estate	212,868	196,011	183,365	173,953	170,847
One to four family residential rental	49,542	47,097	31,914	31,363	30,159
SBA commercial real estate	682	703	718	749	771
Agricultural real estate	-	-	-	-	-
Construction and land development	29,618	30,057	31,362	29,846	18,600
Commercial vacant land	4,851	5,203	7,970	8,402	8,907
Total Non-owner occupied	297,561	279,071	255,329	244,313	229,284
Commercial/Agricultural non-real estate:					
Municipal non-real estate	7,623	7,014	7,165	11,422	5,687
Commercial line	47,646	45,386	46,833	41,619	40,067
Other commercial non-real estate	54,481	55,002	49,246	52,723	58,718
SBA commercial non-real estate	25,933	47,245	89,603	103,871	118,668
Agricultural non-real estate	1,325	1,656	1,730	1,986	2,150
Total Commercial/Agr. non-real estate	137,008	156,303	194,577	211,621	225,290
Consumer non-real estate:					
Consumer installment	4,369	4,399	3,191	3,400	3,358
Consumer line	477	436	498	353	366
Other consumer	125	130	123	143	163
Total Consumer non-real estate	4,971	4,965	3,812	3,896	3,887
Gross loans	886,042	875,684	842,885	833,770	804,742
Net deferred loan costs (fees)	(167)	(738)	(1,627)	(2,140)	(2,627)
Overdrafts	654	134	528	161	317
Allowance for loan losses	(12,005)	(11,826)	(11,822)	(10,835)	(10,481)
Total loans receivable	$ 874,524	$ 863,254	$ 829,964	$ 820,956	$ 791,951

PSB Holdings, Inc.
Nonperforming Assets as of:

(dollars in thousands)	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sept 30, 2020
Nonaccrual loans (excluding restructured loans)	$ 6,018	$ 5,208	$ 5,346	$ 2,071	$ 2,129
Nonaccrual restructured loans	1,526	1,062	1,090	1,064	233
Restructured loans not on nonaccrual	5,159	5,205	5,242	5,414	5,508
Accruing loans past due 90 days or more	-	-	-	-	-
Total nonperforming loans	12,703	11,475	11,678	8,549	7,870
Other real estate owned	2,398	1,984	1,105	1,619	1,485
Total nonperforming assets	$ 15,101	$ 13,459	$ 12,783	$ 10,168	$ 9,355
Nonperforming loans as a % of gross loans receivable	1.43%	1.31%	1.39%	1.03%	0.98%
Total nonperforming assets as a % of total assets	1.16%	1.07%	1.13%	0.90%	0.85%
Allowance for loan losses as a % of nonperforming loans	94.51%	103.06%	101.23%	126.74%	133.18%

PSB Holdings, Inc.
Nonperforming Assets >= $500,000 net book value before specific reserves
At September 30, 2021
(dollars in thousands)

Collateral Description	Asset Type	Gross Principal	Specific Reserves
Real estate - Retail Sales Outlet	ORE	$ 1,100	-
Real estate - Hotel	Restructured	4,781	135
Real estate - Buffet Style Restaurant	Restructured/Nonaccrual	840	78
Real estate - Buffet Style Restaurant	Nonaccrual	3,265	1,143
Real estate - Hotel	Nonaccrual	808	169
Total listed nonperforming assets		10,794	1,525
Total bank wide nonperforming assets		15,101	2,107
Listed assets as a % of total nonperforming assets		71%	72%

Largest Performing, but Impaired Loans at September 30, 2021 ($000s)

Collateral Description	Asset Type	Gross Principal	Specific Reserves
Real estate (4 Hotel Group)	Impaired	4,265	509
Total listed performing, but impaired loans		4,265	509
Total performing, but impaired loans		5,794	614
Listed assets as a % of total performing, but impaired loans		74%	83%

PSB Holdings, Inc.
Deposit Composition

(dollars in thousands)	September 30, 2021		June 30, 2021		September 30, 2020	
	$	%	$	%	$	%
Non-interest bearing demand	$ 291,440	26.9%	$ 273,181	26.5%	$ 241,947	26.9%
Interest-bearing demand and savings	388,725	35.9%	366,563	35.4%	291,275	32.3%
Money market deposits	215,772	19.9%	212,285	20.6%	213,057	23.7%
Retail and local time deposits <= $250	142,439	13.2%	140,895	13.7%	103,288	11.5%
Total core deposits	1,038,376	95.9%	992,924	96.2%	849,567	94.4%
Retail and local time deposits > $250	24,824	2.3%	25,834	2.5%	24,669	2.7%
Broker & national time deposits <= $250	8,640	0.8%	10,874	1.1%	14,384	1.6%
Broker & national time deposits > $250	11,201	1.0%	1,994	0.2%	11,994	1.3%
Totals	$ 1,083,041	100.0%	$ 1,031,626	100.0%	$ 900,614	100.0%

PSB Holdings, Inc.
Average Balances ($000) and Interest Rates
(dollars in thousands)

	Quarter ended September 30, 2021			Quarter ended June 30, 2021			Quarter ended September 30, 2020		
	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate
Assets									
Interest-earning assets:									
Loans (1)(2)	$ 874,429	$ 9,334	4.23%	$ 906,233	$ 9,983	4.42%	$ 810,232	$ 8,080	3.97%
Taxable securities	195,160	581	1.18%	153,960	553	1.44%	108,241	564	2.07%
Tax-exempt securities (2)	84,241	633	2.98%	84,593	639	3.03%	76,168	600	3.13%
FHLB stock	2,646	27	4.05%	2,625	23	3.51%	2,283	28	4.88%
Other	75,119	18	0.10%	42,253	17	0.16%	58,081	21	0.14%
Total (2)	1,231,595	10,593	3.41%	1,189,664	11,215	3.78%	1,055,005	9,293	3.50%
Non-interest-earning assets:									
Cash and due from banks	20,310			25,422			13,945		
Premises and equipment, net	12,962			11,640			11,135		
Cash surrender value ins	24,059			23,906			17,021		
Other assets	15,317			16,004			11,917		
Allowance for loan losses	(11,874)			(11,816)			(9,621)		
Total	$1,292,369			$1,254,820			$1,099,402		
Liabilities & stockholders' equity									
Interest-bearing liabilities:									
Savings and demand deposits	$ 383,136	$ 73	0.08%	$ 352,572	$ 65	0.07%	$ 285,384	$ 72	0.10%
Money market deposits	213,584	90	0.17%	213,122	96	0.18%	206,881	146	0.28%
Time deposits	185,502	241	0.52%	182,758	324	0.71%	159,851	615	1.53%
FHLB borrowings	66,239	220	1.32%	71,846	221	1.23%	86,565	304	1.40%
Other borrowings	24,993	9	0.14%	25,525	8	0.13%	9,445	5	0.21%
Senior sub. notes	2,500	28	4.44%	2,500	28	4.49%	2,500	28	4.46%
Junior sub. debentures	12,679	165	5.16%	11,827	165	5.60%	7,732	91	4.68%
Total	888,633	826	0.37%	860,150	907	0.42%	758,358	1,261	0.66%
Non-interest-bearing liabilities:									
Demand deposits	282,331			274,777			230,566		
Other liabilities	11,017			11,430			10,042		
Stockholders' equity	110,388			108,463			100,436		
Total	$1,292,369			$1,254,820			$1,099,402		
Net interest income		$ 9,767			$ 10,308			$ 8,032	

Rate spread	3.04%	3.36%	2.84%
Net yield on interest-earning assets	3.15%	3.48%	3.03%

(1) Nonaccrual loans are included in the daily average loan balances outstanding.
(2) The yield on tax-exempt loans and securities is computed on a tax-equivalent basis using a federal tax rate of 21%.

PSB Holdings, Inc.
Average Balances ($000) and Interest Rates
(dollars in thousands)

	Nine months ended September 30, 2021			Nine months ended September 30, 2020		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets						
Interest-earning assets:						
Loans (1)(2)	$ 873,352	$ 28,772	4.40%	$ 772,794	$ 24,728	4.27%
Taxable securities	164,075	1,641	1.34%	106,283	1,919	2.41%
Tax-exempt securities (2)	84,351	1,908	3.02%	71,096	1,710	3.21%
FHLB stock	2,519	71	3.77%	2,229	79	4.73%
Other	46,590	45	0.13%	49,060	135	0.37%
Total (2)	1,170,887	32,437	3.70%	1,001,462	28,571	3.81%
Non-interest-earning assets:						
Cash and due from banks	20,015			12,115		
Premises and equipment, net	12,600			11,010		
Cash surrender value ins	21,958			16,917		
Other assets	13,956			10,444		
Allowance for loan losses	(11,687)			(8,418)		
Total	$ 1,227,729			$ 1,043,530		
Liabilities & stockholders' equity						
Interest-bearing liabilities:						
Savings and demand deposits	$ 356,532	$ 203	0.08%	$ 269,734	$ 529	0.26%
Money market deposits	214,751	304	0.19%	197,630	732	0.49%
Time deposits	169,182	929	0.73%	162,837	2,134	1.75%
FHLB borrowings	66,711	656	1.31%	85,894	947	1.47%
Other borrowings	23,183	24	0.14%	7,240	25	0.46%
Senior sub. notes	2,500	84	4.49%	2,500	84	4.49%
Junior sub. debentures	10,205	419	5.49%	7,732	273	4.72%
Total	843,064	2,619	0.42%	733,567	4,724	0.86%
Non-interest-bearing liabilities:						
Demand deposits	264,536			202,958		
Other liabilities	10,796			9,892		
Stockholders' equity	109,333			97,113		
Total	$ 1,227,729			$ 1,043,530		
Net interest income		$ 29,818			$ 23,847	
Rate spread			3.28%			2.95%
Net yield on interest-earning assets			3.40%			3.18%

(1) Nonaccrual loans are included in the daily average loan balances outstanding.
(2) The yield on tax-exempt loans and securities is computed on a tax-equivalent basis using a tax rate of 21%.

Source: PSB Holdings, Inc.