



NEWS RELEASE

PSB Holdings, Inc. Reports Earnings of \$0.69 per Share for Q3 2024; Net Interest Margin and Tangible Book Value Increase; Asset Quality Improves

2024-10-28

WAUSAU, Wis., Oct. 28, 2024 (GLOBE NEWSWIRE) -- PSB Holdings, Inc. ("PSB") (OTCQX: PSBQ), the holding company for Peoples State Bank ("Peoples") serving Northcentral and Southeastern Wisconsin reported third quarter earnings ending September 30, 2024 of \$0.69 per common share on net income of \$2.9 million, compared to \$0.56 per common share on net income of \$2.3 million during the second quarter ending June 30, 2024, and \$0.29 per common share on net income of \$1.2 million during the third quarter ending September 30, 2023.

PSB's third quarter 2024 operating results reflected the following changes from the second quarter of 2024: (1) higher net interest margin increased 6 basis points; (2) slightly lower non-interest income; (3) lower non-interest expense due to the second quarter reflecting elevated severance expenses; and (4) the return of a \$2.5 million non-performing loan to performing status and a corresponding release in specific reserves.

"Over the past year, we have increased shareholders' tangible book value per share 18.7% and paid \$0.62 in dividends to our shareholders, up 12.7% from the 12 month period ended September 30, 2023. With the rapid rise in short term interest rates over the past couple of years coming to an apparent end, we expect our net interest margin to be stable and operating expenses to continue to be well managed and efficient. Additionally, as funds become available from investment and loan repayments and maturities, we expect the funds to be reinvested into higher yielding assets which should lessen the volatility in fair market value adjustments reflected in our tangible book value," stated Scott Cattanach, President and CEO.

September 30, 2024, Highlights:

- Net interest income increased to \$9.9 million for the quarter ended September 30, 2024, from \$9.4 million for the quarter ended June 30, 2024, as increases in asset and loan yields outpaced the increases in funding

costs.

- Noninterest income decreased slightly to \$1.8 million for the quarter ended September 30, 2024, compared to \$1.9 million the prior quarter.
- Noninterest expenses decreased during the quarter ended September 30, 2024, reflecting lower salary and benefit expenses. Included in salary and benefit expenses for the prior quarter were non-recurring expenses totaling approximately \$404,000.
- Tangible book value per common share increased \$1.86 per share to \$26.41 at September 30, 2024, compared to \$24.55 one quarter earlier, and increased \$4.16 per share, or 18.7%, compared to \$22.25 at September 30, 2023. Additionally, PSB paid dividends totaling \$0.62 per share over the past year. During the third quarter ended September 30, 2024, tangible book value per share was positively influenced by higher net income, intangible asset amortization, an increase in fair market value of investment securities and consistent stock repurchase activity.
- Loans decreased \$16.9 million in the third quarter ended September 30, 2024, to \$1.06 billion largely due to not replacing certain out of market maturing loans. Allowance for credit losses increased to 1.18% of gross loans.
- Non-performing assets declined to 0.71% of total assets at September 30, 2024 from 0.84% at June 30, 2024 as a \$2.5 million loan returned to performing status.
- Total deposits decreased \$13.2 million during the quarter ended September 30, 2024 to \$1.14 billion, with a large portion of the decrease attributable to a large overnight deposit held at June 30, 2024 which was withdrawn in early July.
- Return on average tangible common equity was 10.96% for the quarter ended September 30, 2024, compared to 9.34% the prior quarter and 5.17% in the year ago quarter.

Balance Sheet and Asset Quality Review

Total assets decreased \$9.7 million to \$1.48 billion at September 30, 2024. Investment securities available for sale increased \$9.7 million to \$174.9 million at September 30, 2024, from \$165.2 million one quarter earlier. Total collateralized liquidity available to meet cash demands was approximately \$321 million at September 30, 2024, with an additional \$343 million that could be raised in a short time frame from the brokered CDs market.

Total loans receivable decreased \$16.9 million to \$1.06 billion at September 30, 2024, due primarily to lower commercial and construction lending. Commercial non-real estate loans decreased \$9.1 million to \$139.0 million at September 30, 2024, from \$148.2 million one quarter earlier. Gross construction lending decreased \$9.6 million to \$61.0 million at September 30, 2024, from \$70.5 million at June 30, 2024, while loans in process declined \$3.6 million during the quarter ended September 30, 2024. Commercial real estate loans decreased \$2.6 million to \$541.6 million at September 30, 2024, from \$544.2 million the prior quarter. Meanwhile, residential real estate loans increased slightly from the prior quarter to \$341.3 million from \$340.9 million. The loan portfolio remains well diversified with commercial real estate and construction loans totaling 55.4% of gross loans followed by residential real estate loans at 31.4% of gross loans, commercial non-real estate loans at 12.8% and consumer loans at 0.4%.

The allowance for credit losses increased slightly to 1.18% of gross loans at September 30, 2024, from 1.16% the prior quarter. Annualized net charge-offs to average loans were zero for the last five quarters. Non-performing assets totaled 0.71% of total assets at September 30, 2024, compared to 0.84% at June 30, 2024. During the quarter ended September 30, 2024, a loan totaling \$2.5 million was returned to performing status, while a loan on a recreation facility totaling \$3.3 million was added to nonaccrual status. Additionally, one loan relationship to an equipment dealership on nonaccrual status totaling \$5.1 million at June 30, 2024 was paid down to \$2.8 million at September 30, 2024 on sale of the equipment inventory. For the seventh consecutive quarter, the Bank did not own any foreclosed real estate.

Total deposits decreased \$13.2 million to \$1.14 billion at September 30, 2024, from \$1.15 billion at June 30, 2024. The decrease in deposits reflects a \$13.1 million decrease in interest-bearing demand and savings deposits, a \$19.7 million decrease in money market deposits partially offset by a \$14.6 million increase in non-interest bearing deposits and a \$5.4 million increase in retail and local time deposits. The decrease in money market deposits reflected a large deposit of \$49 million on June 30, 2024 that was drawn down in early July 2024.

At September 30, 2024, non-interest bearing demand deposits increased to 23.3% of total deposits from 21.6% the prior quarter, while interest-bearing demand and savings deposits decreased to 28.4% of deposits, compared to 29.3% at June 30, 2024. Uninsured and uncollateralized deposits decreased to 21.6% of total deposits at September 30, 2024, from 24.0% of total deposits at June 30, 2024.

FHLB advances decreased to \$181.3 million at September 30, 2024, compared to \$184.9 million at June 30, 2024.

Tangible stockholder equity as a percent of total tangible assets increased to 7.85% at September 30, 2024, compared to 7.32% at June 30, 2024, and 6.98% at September 30, 2023.

Tangible net book value per common share increased \$4.16, to \$26.41, at September 30, 2024, compared to \$22.25 one year earlier, an increase of 18.7% after dividends of \$0.62 were paid to shareholders. Relative to the prior

quarter, tangible net book value per common share increased due to continued earnings, a fair market value increase in the investment portfolio which reduced unrealized losses reflected in accumulated other comprehensive income and amortization of intangible assets. The accumulated other comprehensive loss on the investment portfolio was \$15.8 million at September 30, 2024, compared to \$20.5 million one quarter earlier.

Operations Review

Net interest income increased to \$9.9 million (on a net margin of 2.90%) for the third quarter of 2024, from \$9.4 million (on a net margin of 2.84%) for the second quarter of 2024, and \$9.6 million (on a net margin of 2.88%) for the third quarter of 2023. Earning asset yields increased by 8 basis points to 5.29% during the third quarter of 2024 from 5.21% during the second quarter of 2024, while interest bearing deposit and borrowing costs increased 7 basis points to 3.13% compared to 3.06% during the second quarter of 2024.

The increase in earning asset yields was primarily due to higher yields on loan originations and renewals. Loan yields increased during the third quarter of 2024 to 5.78% from 5.67% for the second quarter of 2024, up 11 basis points. Taxable security yields were 3.01% for the quarter ended September 30, 2024, compared to 3.02% for the quarter ended June 30, 2024, while tax-exempt security yields were 3.31% for the quarter ended September 30, 2024 compared to 3.33% the prior quarter.

The cost of all deposits was 2.11% for the quarter ended September 30, 2024, compared to 2.11% the prior quarter, while the overall cost of funds increased 7 basis points from 3.06% to 3.13% during the same time period. Deposit costs for money market deposits decreased during the quarter ended September 30, 2024, to 2.69% from 2.72% the prior quarter. The cost of time deposits and FHLB advances continued to increase and were primarily responsible for the rise in the Bank's cost of funds in the current quarter. The cost of time deposits increased to 4.04% for the third quarter ended September 30, 2024, from 3.97% the prior quarter. FHLB advance costs rose to 4.44% during the third quarter ended September 30, 2024, from 4.28% the prior quarter.

Total noninterest income decreased slightly for the third quarter of 2024 to \$1.84 million, from \$1.91 million for the second quarter of 2024. Mortgage banking income remained at \$433,000 in the September 30, 2024 quarter while various decreases in nominal revenue sources accounted for the slight decline in non-interest income during the third quarter ended September 30, 2024. At September 30, 2024, the Bank serviced \$371 million in secondary market residential mortgage loans for others which provide fee income.

Noninterest expenses decreased to \$8.2 million for the third quarter of 2024, compared to \$8.4 million for the second quarter of 2024. The second quarter ended June 30, 2024, reflected higher salary and benefit expenses related to non-recurring costs. Relative to one year earlier, salary and benefit cost increased 5.7% to \$4.8 million for the quarter ended September 30, 2024, compared to \$4.5 million for the third quarter ended September 30, 2023.

Taxes increased \$183,000 during the third quarter to \$593,000, from \$410,000 one quarter earlier. The increase generally reflects higher pre-tax income. The effective tax rate for the quarter ended September 30, 2024, was 16.6% compared to 14.4% for the second quarter ended June 30, 2024, and 63.8% for the third quarter ended September 30, 2023, when higher tax expenses were incurred to recognize the loss of certain deferred tax assets following a change in Wisconsin tax law that eliminated state taxes on certain qualified assets.

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 twelve full-service banking locations in Marathon, Oneida, Vilas, Portage, Milwaukee and Waukesha counties and a loan production office in Dane County. 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's business based, in part, on assumptions made by management and include, without limitation, statements with respect to the potential growth of PSB, 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's vision and growth strategy, including with respect to current and future M&A activity, and risks associated with global economic instability. The forward-looking statements in this press release speak only as of the date on which they are made and PSB does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this release.

Consolidated Balance Sheets
September 30, June 30, and March 31, 2024, September 30, 2023, unaudited, December 31, 2023 derived from audited financial statements

(dollars in thousands, except per share data)	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023
Assets					
Cash and due from banks	\$ 23,554	\$ 16,475	\$ 13,340	\$ 20,887	\$ 12,881
Interest-bearing deposits	5,126	251	105	1,431	668
Federal funds sold	58,434	69,249	2,439	5,462	7,764
Cash and cash equivalents	87,114	85,975	15,884	27,780	21,313
Securities available for sale (at fair value)	174,911	165,177	165,566	164,024	160,883
Securities held to maturity (fair values of \$82,389, \$79,993, \$81,234, \$82,514 and \$75,236 respectively)	86,847	86,825	87,104	87,081	86,908
Equity securities	1,752	1,661	1,474	1,474	2,273
Loans held for sale	-	2,268	865	230	971
Loans receivable, net (allowance for credit losses of \$12,598, \$12,597, \$12,494, \$12,302 and \$12,267 respectively)	1,057,974	1,074,844	1,081,394	1,078,475	1,098,019
Accrued interest receivable	4,837	5,046	5,467	5,136	4,716
Foreclosed assets	-	-	-	-	-
Premises and equipment, net	14,065	14,048	13,427	13,098	13,242
Mortgage servicing rights, net	1,727	1,688	1,657	1,664	1,684
Federal Home Loan Bank stock (at cost)	8,825	8,825	7,006	6,373	6,373
Cash surrender value of bank-owned life insurance	24,565	24,401	24,242	24,085	23,931
Core deposit intangible	212	229	249	273	297
Goodwill	2,541	2,541	2,541	2,541	2,541
Other assets	10,598	12,111	11,682	11,866	14,094
TOTAL ASSETS	\$ 1,475,968	\$ 1,485,639	\$ 1,418,558	\$ 1,424,100	\$ 1,437,245
Liabilities					
Non-interest-bearing deposits	\$ 265,078	\$ 250,435	\$ 247,608	\$ 266,829	\$ 288,765
Interest-bearing deposits	874,035	901,886	865,744	874,973	883,474
Total deposits	1,139,113	1,152,321	1,113,352	1,141,802	1,172,239
Federal Home Loan Bank advances	181,250	184,900	158,250	134,000	128,000
Other borrowings	6,128	5,775	8,096	8,058	5,660
Senior subordinated notes	4,779	4,778	4,776	4,774	4,772
Junior subordinated debentures	12,998	12,972	12,947	12,921	12,896
Allowance for credit losses on unfunded commitments	477	477	477	577	512
Accrued expenses and other liabilities	12,850	13,069	10,247	12,681	10,258
Total liabilities	1,357,595	1,374,292	1,308,145	1,314,813	1,334,337
Stockholders' equity					
Preferred stock - no par value:					
Authorized - 30,000 shares; no shares issued or outstanding					
Outstanding - 7,200 shares, respectively	7,200	7,200	7,200	7,200	7,200
Common stock - no par value with a stated value of \$1.00 per share:					
Authorized - 18,000,000 shares; Issued - 5,490,798 shares					
Outstanding - 4,105,594, 4,128,382, 4,147,649, 4,164,735 and 4,174,197 shares, respectively	1,830	1,830	1,830	1,830	1,830
Additional paid-in capital	8,567	8,527	8,466	8,460	8,421
Retained earnings	138,142	135,276	134,271	132,666	131,624
Accumulated other comprehensive income (loss), net of tax	(15,814)	(20,503)	(20,775)	(20,689)	(26,190)
Treasury stock, at cost - 1,385,204, 1,362,416, 1,343,149, 1,326,063 and 1,316,601 shares, respectively	(21,552)	(20,983)	(20,579)	(20,180)	(19,977)
Total stockholders' equity	118,373	111,347	110,413	109,287	102,908
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,475,968	\$ 1,485,639	\$ 1,418,558	\$ 1,424,100	\$ 1,437,245

(dollars in thousands, except per share data - unaudited)	Quarter Ended					Nine Months Ended	
	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	September 2024 2023	
Interest and dividend income:							
Loans, including fees	\$ 15,634	\$ 15,433	\$ 15,109	\$ 14,888	\$ 14,263	\$ 46,176	\$ 38,745
Securities:							
Taxable	1,345	1,295	1,197	1,147	1,114	3,837	3,772
Tax-exempt	522	521	526	532	533	1,569	1,605
Other interest and dividends	699	265	343	320	238	1,307	531
Total interest and dividend income	18,200	17,514	17,175	16,887	16,148	52,889	44,653
Interest expense:							
Deposits	5,905	5,838	6,082	5,526	4,817	17,825	11,467
FHLB advances	2,038	1,860	1,450	1,349	1,321	5,348	3,068
Other borrowings	57	58	60	54	51	175	161
Senior subordinated notes	59	58	59	59	59	176	179
Junior subordinated debentures	252	255	251	254	255	758	731
Total interest expense	8,311	8,069	7,902	7,242	6,503	24,282	15,606
Net interest income	9,889	9,445	9,273	9,645	9,645	28,607	29,047
Provision for credit losses	-	100	95	100	150	195	350
Net interest income after provision for credit losses	9,889	9,345	9,178	9,545	9,495	28,412	28,697
Noninterest income:							
Service fees	367	350	336	360	349	1,053	1,088
Mortgage banking income	433	433	308	247	345	1,174	981
Investment and insurance sales commissions	230	222	121	100	158	573	810
Net loss on sale of securities	-	-	(495)	(297)	-	(495)	(279)
Increase in cash surrender value of life insurance	165	159	157	154	155	481	461
Life insurance death benefit	-	-	-	-	-	-	533
Other noninterest income	648	742	617	540	675	2,007	2,022
Total noninterest income	1,843	1,906	1,044	1,104	1,682	4,793	5,616
Noninterest expense:							
Salaries and employee benefits	4,771	5,167	5,123	4,244	4,514	15,061	14,404
Occupancy and facilities	757	733	721	675	689	2,211	2,086
Loss (gain) on foreclosed assets	1	-	-	1	-	1	(46)
Data processing and other office operations	1,104	1,047	1,022	1,001	953	3,173	2,784
Advertising and promotion	164	171	129	244	161	464	489
Core deposit intangible amortization	17	20	24	24	24	61	85
Other noninterest expenses	1,337	1,257	1,306	1,169	1,113	3,900	3,388
Total noninterest expense	8,151	8,395	8,325	7,358	7,454	24,871	23,190
Income before provision for income taxes	3,581	2,856	1,897	3,291	3,723	8,334	11,123
Provision for income taxes	593	410	169	878	2,374	1,172	3,967
Net income	\$ 2,988	\$ 2,446	\$ 1,728	\$ 2,413	\$ 1,349	\$ 7,162	\$ 7,156
Preferred stock dividends declared	\$ 122	\$ 122	\$ 122	\$ 122	\$ 122	\$ 366	\$ 366
Net income available to common shareholders	\$ 2,866	\$ 2,324	\$ 1,606	\$ 2,291	\$ 1,227	\$ 6,796	\$ 6,790
Basic earnings per common share	\$ 0.69	\$ 0.56	\$ 0.39	\$ 0.55	\$ 0.29	\$ 1.64	\$ 1.61
Diluted earnings per common share	\$ 0.69	\$ 0.56	\$ 0.39	\$ 0.55	\$ 0.29	\$ 1.64	\$ 1.61

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

Earnings and dividends:	Quarter ended				
	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023
Interest income	\$ 18,200	\$ 17,514	\$ 17,175	\$ 16,887	\$ 16,148
Interest expense	\$ 8,311	\$ 8,069	\$ 7,902	\$ 7,242	\$ 6,503
Net interest income	\$ 9,889	\$ 9,445	\$ 9,273	\$ 9,645	\$ 9,645
Provision for credit losses	\$ -	\$ 100	\$ 95	\$ 100	\$ 150

Other noninterest income	\$	1,843	\$	1,906	\$	1,044	\$	1,104	\$	1,682
Other noninterest expense	\$	8,151	\$	8,395	\$	8,325	\$	7,358	\$	7,454
Net income available to common shareholders	\$	2,866	\$	2,324	\$	1,606	\$	2,291	\$	1,227
Basic earnings per common share (3)	\$	0.69	\$	0.56	\$	0.39	\$	0.55	\$	0.29
Diluted earnings per common share (3)	\$	0.69	\$	0.56	\$	0.39	\$	0.55	\$	0.29
Dividends declared per common share (3)	\$	-	\$	0.32	\$	-	\$	0.30	\$	-
Tangible net book value per common share (4)	\$	26.41	\$	24.55	\$	24.21	\$	23.84	\$	22.25
Semi-annual dividend payout ratio		n/a		33.60%		n/a		38.14%		n/a
Average common shares outstanding		4,132,218		4,139,456		4,154,702		4,168,924		4,186,940
Balance sheet - average balances:										
Loans receivable, net of allowances for credit loss	\$	1,066,795	\$	1,088,013	\$	1,081,936	\$	1,081,851	\$	1,076,158
Assets	\$	1,445,613	\$	1,433,749	\$	1,429,437	\$	1,424,240	\$	1,425,522
Deposits	\$	1,110,854	\$	1,111,240	\$	1,138,010	\$	1,148,399	\$	1,149,624
Stockholders' equity	\$	114,458	\$	110,726	\$	109,473	\$	105,060	\$	105,745
Performance ratios:										
Return on average assets (1)		0.82%		0.69%		0.49%		0.67%		0.38%
Return on average common stockholders' equity (1)		10.63%		9.03%		6.32%		9.29%		4.94%
Return on average tangible common stockholders' equity (1)(4)		10.96%		9.34%		6.57%		9.64%		5.17%
Net loan charge-offs to average loans (1)		0.00%		0.00%		0.00%		0.00%		0.00%
Nonperforming loans to gross loans		0.97%		1.15%		1.08%		0.54%		0.55%
Nonperforming assets to total assets		0.71%		0.84%		0.83%		0.42%		0.42%
Allowance for credit losses to gross loans		1.18%		1.16%		1.14%		1.13%		1.10%
Nonperforming assets to tangible equity plus the allowance for credit losses (4)		8.71%		11.09%		10.59%		5.38%		5.87%
Net interest rate margin (1)(2)		2.90%		2.84%		2.80%		2.88%		2.88%
Net interest rate spread (1)(2)		2.16%		2.15%		2.12%		2.20%		2.27%
Service fee revenue as a percent of average demand deposits (1)		0.56%		0.56%		0.54%		0.52%		0.50%
Noninterest income as a percent of gross revenue		9.20%		9.81%		5.73%		6.14%		9.43%
Efficiency ratio (2)		68.43%		72.52%		78.93%		67.04%		64.58%
Noninterest expenses to average assets (1)		2.24%		2.35%		2.34%		2.05%		2.07%
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets		9.06%		9.03%		8.98%		8.88%		9.00%
Tangible equity to tangible assets (4)		7.85%		7.32%		7.60%		7.49%		6.98%
Stock price information:										
High	\$	25.00	\$	21.40	\$	22.50	\$	22.30	\$	22.50
Low	\$	20.30	\$	19.75	\$	20.05	\$	20.10	\$	20.35
Last trade value at quarter-end	\$	25.00	\$	20.40	\$	21.25	\$	22.11	\$	21.15

(1) Annualized

(2) The yield on federally 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 goodwill and core deposit intangibles.

PSB Holdings, Inc.
Consolidated Statements of Comprehensive Income

(dollars in thousands - unaudited)	Sep. 30, 2024	Jun. 30, 2024	Quarter Ended Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023
Net income	\$ 2,988	\$ 2,446	\$ 1,728	\$ 2,413	\$ 1,349
Other comprehensive income, net of tax:					
Unrealized gain (loss) on securities available for sale	4,738	184	(615)	5,278	(3,085)
Reclassification adjustment for security loss included in net income	-	-	391	280	-

Accretion of unrealized loss included in net income on securities available for sale deferred tax adjustment for Wisconsin Act 19	-	-	(35)	-	-
Amortization of unrealized loss included in net income on securities available for sale transferred to securities held to maturity	90	89	91	91	91
Unrealized gain (loss) on interest rate swap	(101)	39	123	(109)	79
Reclassification adjustment of interest rate swap settlements included in earnings	(38)	(40)	(41)	(39)	(35)
Other comprehensive income (loss)	4,689	272	(86)	5,501	(2,950)
Comprehensive income (loss)	\$ 7,677	\$ 2,718	\$ 1,642	\$ 7,914	\$ (1,601)

PSB Holdings, Inc.
Nonperforming Assets as of:

(dollars in thousands)	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023
Nonaccrual loans (excluding restructured loans)	\$ 10,116	\$ 12,184	\$ 11,498	\$ 5,596	\$ 5,807
Nonaccrual restructured loans	25	28	30	34	42
Restructured loans not on nonaccrual	292	299	304	310	256
Accruing loans past due 90 days or more	-	-	-	-	-
Total nonperforming loans	10,433	12,511	11,832	5,940	6,105
Other real estate owned	-	-	-	-	-
Total nonperforming assets	\$ 10,433	\$ 12,511	\$ 11,832	\$ 5,940	\$ 6,105
<u>Nonperforming loans as a % of gross loans receivable</u>	0.97%	1.15%	1.08%	0.54%	0.55%
<u>Total nonperforming assets as a % of total assets</u>	0.71%	0.84%	0.83%	0.42%	0.42%
<u>Allowance for credit losses as a % of nonperforming loans</u>	120.75%	100.69%	105.59%	207.10%	200.93%

PSB Holdings, Inc.
Nonperforming Assets >= \$500,000 net book value before specific reserves
At September 30, 2024
(dollars in thousands)

Collateral Description	Asset Type	Gross Principal	Specific Reserves
Real estate - Recreation Facility	Nonaccrual	\$ 3,291	\$ -
Real estate - Independent Auto Repair	Nonaccrual	562	-
Real estate - Equipment Dealership	Nonaccrual	2,808	660
Total listed nonperforming assets		\$ 6,661	\$ 660
Total bank wide nonperforming assets		\$ 10,433	\$ 1,220
Listed assets as a % of total nonperforming assets		64%	54%

PSB Holding, Inc.

Loan Composition by Collateral Type
Quarter-ended (dollars in thousands)

	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023
Commercial:					
Commercial and industrial	\$ 115,234	\$ 125,508	\$ 118,821	\$ 117,207	\$ 138,299
Agriculture	11,203	11,480	12,081	12,304	12,464
Municipal	12,596	11,190	28,842	31,530	27,186
Total Commercial	139,033	148,178	159,744	161,041	177,949
Commercial Real Estate:					
Commercial real estate	541,577	544,171	546,257	536,209	539,488
Construction and development	60,952	70,540	63,375	81,701	86,456
Total Commercial Real Estate	602,529	614,711	609,632	617,910	625,944
Residential real estate:					
Residential	269,954	270,944	274,300	274,453	274,632
Construction and development	34,655	36,129	34,158	33,960	33,141
HELOC	36,734	33,838	31,357	29,766	29,044
Total Residential Real Estate	341,343	340,911	339,815	338,179	336,817
Consumer installment	4,770	4,423	4,867	4,357	4,350
Subtotals - Gross loans	1,087,675	1,108,223	1,114,058	1,121,487	1,145,060
Loans in process of disbursement	(17,836)	(21,484)	(20,839)	(31,359)	(35,404)
Subtotals - Disbursed loans	1,069,839	1,086,739	1,093,219	1,090,128	1,109,656
Net deferred loan costs	733	702	669	649	630
Allowance for credit losses	(12,598)	(12,597)	(12,494)	(12,302)	(12,267)
Total loans receivable	\$ 1,057,974	\$ 1,074,844	\$ 1,081,394	\$ 1,078,475	\$ 1,098,019

PSB Holding, Inc.

Selected Commercial Real Estate Loans by Purpose

(dollars in thousands)	Sept 30, 2024		June 30, 2024		Mar 31, 2024		Dec 31, 2023		Sept 30, 2023	
	Total Exposure	% of Portfolio (1)	Total Exposure	% of Portfolio (1)	Total Exposure	% of Portfolio (1)	Total Exposure	% of Portfolio (1)	Total Exposure	% of Portfolio (1)
Multi Family	\$ 140,307	14.7%	\$ 146,873	15.2%	\$ 142,001	14.4%	\$ 132,386	13.2%	\$ 133,466	13.3%
Industrial and Warehousing	86,818	9.1	86,025	8.9	85,409	8.6	83,817	8.3	88,906	8.9
Retail	33,020	3.5	34,846	3.6	33,177	3.4	35,419	3.5	35,281	3.5
Hotels	31,611	3.3	34,613	3.6	35,105	3.6	36,100	3.6	31,819	3.2
Office	6,378	0.7	6,518	0.7	6,655	0.7	6,701	0.7	6,746	0.7

(1) Percentage of commercial and commercial real estate portfolio and commitments.

PSB Holdings, Inc.
Deposit Composition

Insured and Collateralized Deposits (dollars in thousands)	September 30,		June 30,		March 31,		December 31,		September 30,	
	2024		2024		2024		2023		2023	
	\$	%	\$	%	\$	%	\$	%	\$	%
Non-interest bearing demand	\$ 210,534	18.6%	\$ 202,343	17.5%	\$ 199,076	17.8%	\$ 197,571	17.3%	\$ 209,133	17.9%
Interest-bearing demand and savings	305,631	26.8%	304,392	26.5%	318,673	28.7%	317,984	27.8%	307,620	26.3%
Money market deposits	138,376	12.2%	137,637	12.0%	143,167	12.9%	142,887	12.5%	135,910	11.4%
Retail and local time deposits <= \$250	155,988	13.7%	149,298	13.0%	148,404	13.3%	149,145	13.1%	144,738	12.4%
Total core deposits	810,529	71.3%	793,670	69.0%	809,320	72.7%	807,587	70.7%	797,401	68.0%
Retail and local time deposits > \$250	23,500	2.1%	22,500	2.0%	24,508	2.3%	23,000	2.0%	22,750	1.9%
Broker & national time deposits <= \$250	1,241	0.1%	1,490	0.1%	2,229	0.2%	3,470	0.3%	3,222	0.3%
Broker & national time deposits > \$250	56,164	4.9%	56,328	4.9%	61,752	5.5%	70,020	6.1%	88,614	7.6%
Totals	\$ 891,434	78.4%	\$ 873,988	76.0%	\$ 897,809	80.7%	\$ 904,077	79.1%	\$ 911,987	77.8%

PSB Holdings, Inc.
Deposit Composition

Uninsured Deposits (dollars in thousands)	September 30,		June 30,		March 31,		December 31,		September 30,	
	2024		2024		2024		2023		2023	
	\$	%	\$	%	\$	%	\$	%	\$	%
Non-interest bearing demand	\$ 54,544	4.7%	\$ 48,092	4.1%	\$ 48,532	4.4%	\$ 69,258	6.1%	\$ 79,632	6.8%
Interest-bearing demand and savings	18,317	1.6%	32,674	2.8%	20,535	1.8%	20,316	1.8%	22,847	1.9%
Money market deposits	157,489	13.8%	177,954	15.4%	124,766	11.2%	124,518	10.9%	133,653	11.4%
Retail and local time deposits <= \$250	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total core deposits	230,350	20.1%	258,720	22.3%	193,833	17.4%	214,092	18.8%	236,132	20.1%
Retail and local time deposits > \$250	17,329	1.5%	19,613	1.7%	21,710	1.9%	23,633	2.1%	24,120	2.1%
Broker & national time deposits <= \$250	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Broker & national time deposits > \$250	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Totals	\$ 247,679	21.6%	\$ 278,333	24.0%	\$ 215,543	19.3%	\$ 237,725	20.9%	\$ 260,252	22.2%

PSB Holdings, Inc.
Deposit Composition

Total Deposits (dollars in thousands)	September 30,		June 30,		March 31,		December 31,		September 30,	
	2024		2024		2024		2023		2023	
	\$	%	\$	%	\$	%	\$	%	\$	%
Non-interest bearing demand	\$ 265,078	23.3%	\$ 250,435	21.6%	\$ 247,608	22.2%	\$ 266,829	23.4%	\$ 288,765	24.7%
Interest-bearing demand and savings	323,948	28.4%	337,066	29.3%	339,208	30.5%	338,300	29.6%	330,467	28.2%
Money market deposits	295,865	26.0%	315,591	27.4%	267,933	24.1%	267,405	23.4%	269,563	22.8%
Retail and local time deposits <= \$250	155,988	13.7%	149,298	13.0%	148,404	13.3%	149,145	13.1%	144,738	12.4%
Total core deposits	1,040,879	91.4%	1,052,390	91.3%	1,003,153	90.1%	1,021,679	89.5%	1,033,533	88.1%
Retail and local time deposits > \$250	40,829	3.6%	42,113	3.7%	46,218	4.2%	46,633	4.1%	46,870	4.0%
Broker & national time deposits <= \$250	1,241	0.1%	1,490	0.1%	2,229	0.2%	3,470	0.3%	3,222	0.3%
Broker & national time deposits > \$250	56,164	4.9%	56,328	4.9%	61,752	5.5%	70,020	6.1%	88,614	7.6%
Totals	\$ 1,139,113	100.0%	\$ 1,152,321	100.0%	\$ 1,113,352	100.0%	\$ 1,141,802	100.0%	\$ 1,172,239	100.0%

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

	Quarter ended September 30, 2024			Quarter ended June 30, 2024			Quarter ended September 30, 2023		
	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate
Assets									
Interest-earning assets:									
Loans (1)(2)	\$ 1,079,393	\$ 15,674	5.78%	\$ 1,100,518	\$ 15,520	5.67%	\$ 1,088,137	\$ 14,337	5.23%
Taxable securities	177,520	1,345	3.01%	172,563	1,295	3.02%	173,287	1,114	2.55%
Tax-exempt securities (2)	79,472	661	3.31%	79,564	659	3.33%	81,327	675	3.29%
FHLB stock	8,825	176	7.93%	7,931	182	9.23%	6,368	127	7.91%
Other	36,680	523	5.67%	8,241	83	4.05%	8,195	111	5.37%
Total (2)	1,381,890	18,379	5.29%	1,368,817	17,739	5.21%	1,357,314	16,364	4.78%
Non-interest-earning assets:									
Cash and due from banks	17,162			17,345			19,299		
Premises and equipment, net	14,216			13,930			13,266		
Cash surrender value ins	24,458			24,297			23,840		
Other assets	20,485			21,865			23,782		
Allowance for credit losses	(12,598)			(12,505)			(11,979)		
Total	\$	1,445,613		\$	1,433,749		\$	1,425,522	
Liabilities & stockholders' equity									
Interest-bearing liabilities:									
Savings and demand deposits	\$ 323,841	\$ 1,515	1.86%	\$ 331,740	\$ 1,467	1.78%	\$ 335,214	\$ 1,198	1.42%
Money market deposits	277,884	1,876	2.69%	271,336	1,835	2.72%	255,823	1,489	2.31%
Time deposits	247,296	2,514	4.04%	257,006	2,536	3.97%	279,971	2,130	3.02%
FHLB borrowings	182,414	2,038	4.44%	174,596	1,860	4.28%	134,386	1,321	3.90%
Other borrowings	6,702	57	3.38%	6,870	58	3.40%	5,681	51	3.56%
Senior sub. notes	4,779	59	4.91%	4,777	58	4.88%	4,772	59	4.91%
Junior sub. debentures	12,985	252	7.72%	12,960	255	7.91%	12,883	255	7.85%
Total	1,055,901	8,311	3.13%	1,059,285	8,069	3.06%	1,028,730	6,503	2.51%
Non-interest-bearing liabilities:									
Demand deposits	261,833			251,158			278,616		
Other liabilities	13,421			12,580			12,431		
Stockholders' equity	114,458			110,726			105,745		
Total	\$	1,445,613		\$	1,433,749		\$	1,425,522	
Net interest income		\$ 10,068			\$ 9,670			\$ 9,861	
Rate spread			2.16%			2.15%			2.27%
Net yield on interest-earning assets			2.90%			2.84%			2.88%

(1) Nonaccrual loans are included in the daily average loan balances outstanding.

(2) The yield on federally 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, 2024			Nine months ended September 30, 2023		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets						
Interest-earning assets:						
Loans (1)(2)	\$ 1,091,366	\$ 46,393	5.68%	\$ 1,025,955	\$ 38,851	5.06%
Taxable securities	173,971	3,837	2.95%	189,583	3,772	2.66%
Tax-exempt securities (2)	79,822	1,986	3.32%	81,670	2,032	3.33%
FHLB stock	7,755	523	9.01%	4,943	228	6.17%
Other	18,804	784	5.57%	8,154	303	4.97%
Total (2)	1,371,718	53,523	5.21%	1,310,305	45,186	4.61%
Non-interest-earning assets:						

Cash and due from banks	17,291				17,403					
Premises and equipment, net	13,778				13,311					
Cash surrender value ins	24,301				24,446					
Other assets	21,146				23,364					
Allowance for credit losses	(12,496)				(12,004)					
Total	\$	1,435,738			\$	1,376,825				
Liabilities & stockholders' equity										
Interest-bearing liabilities:										
Savings and demand deposits	\$	335,317	\$	4,654	1.85%	\$	350,928	\$	3,286	1.25%
Money market deposits		274,405		5,608	2.73%		241,594		3,508	1.94%
Time deposits		256,287		7,563	3.94%		257,639		4,673	2.43%
FHLB borrowings		166,703		5,348	4.29%		110,460		3,068	3.71%
Other borrowings		7,373		175	3.17%		7,082		161	3.04%
Senior sub. notes		4,778		176	4.92%		4,965		179	4.82%
Junior sub. debentures		12,972		758	7.81%		12,857		731	7.60%
Total		1,057,835		24,282	3.07%		985,525		15,606	2.12%
Non-interest-bearing liabilities:										
Demand deposits		254,134					273,699			
Other liabilities		12,720					12,165			
Stockholders' equity		111,049					105,436			
Total	\$	1,435,738				\$	1,376,825			
Net interest income		\$	29,241				\$	29,580		
Rate spread					2.14%					2.49%
Net yield on interest-earning assets					2.85%					3.02%

(1) Nonaccrual loans are included in the daily average loan balances outstanding.

(2) The yield on federally tax-exempt loans and securities is computed on a tax-equivalent basis using a federal tax rate of 21%.

Source: PSB Holdings, Inc.