NEWS RELEASE

PSB Holdings, Inc. Reports First Quarter 2023 Earnings of $0.67 Per Share; Tangible Book Value Increased $1.06 Per Share to $22.43 Per Share; Collateralized Available Liquidity Approaches $600 Million

2023-04-24

WAUSAU, Wis., April 24, 2023 (GLOBE NEWSWIRE) -- PSB Holdings, Inc. (“PSB”) (OTCQX: PSBQ), the holding company for Peoples State Bank (“Peoples”) serving Northcentral and Southeastern Wisconsin reported first quarter earnings ending March 31, 2023 of $0.67 per common share on net income of $2.9 million, compared to $0.80 per common share on net income of $3.5 million during the fourth quarter ending December 31, 2022, and $0.75 per common share on net income of $3.3 million during the first quarter ending March 31, 2022.

PSB’s first quarter 2023 operating results reflected the following changes from the fourth quarter of 2022: (1) lower net interest income due to rising deposit and FHLB advance costs; (2) higher mortgage loan servicing income offset by higher salary and benefit costs; (3) lower accumulated other comprehensive loss due to a decline in intermediate interest rates; (4) annualized loan growth of 4.7%; and (5) increased borrowings to fund seasonal business customer and municipal deposit outflows, promote increased on-balance sheet liquidity, and to fund net loan growth.

“Though the first quarter presented challenges with a rapid rise in interest rates, persistent forecasts of a pending recession and highly publicized bank failures, PSB continued its strong performance with a 12.5% return on shareholders’ equity during the first quarter. The combination of an efficient operation and a strong local economy has contributed to solid returns. Because of our balance sheet strength, we have immediate access to nearly $600 million in funds to support our depositors if needed,” stated Scott Cattanach, President and CEO.

March 31, 2023 Highlights:

- Net interest income decreased to $9.9 million for the quarter ended March 31, 2023, compared to $10.6 million for the quarter ended December 31, 2022, but increased from $9.6 million for the quarter ended March 31, 2022.
- Provision for loan losses increased to $100,000 for the quarter ended March 31, 2023 after recording no loan loss provision since the first quarter of 2021. The March 31, 2023 provision was related to loan growth of $11.4 million. The impact of the CECL adoption in the quarter was insignificant.
- Nonninterest income increased to $2.0 million for the quarter ended March 31, 2023 from $1.8 million the previous quarter. The increase largely reflected increased mortgage loan servicing income from recapture of the mortgage servicing right valuation allowance.
- Noninterest expenses increased $118,000, or 1.5% for the first quarter of 2023 to $7.8 million from $7.7 million the prior quarter. The increase was primarily related to higher salary and benefit costs.
- Asset quality continued to improve and remained strong. At March 31, 2023, non-performing assets declined to 0.45% of total assets from 1.03% one year earlier.
- Tangible book value per common share increased 4.7% to $22.43 at March 31, 2023 from $21.37 one quarter earlier. Tangible book value benefited from improved interest rate marks on available for sale securities which reduced the other comprehensive loss by $1.7 million. Return on tangible common equity was 12.51% for the quarter ended March 31, 2023 compared to 15.12% the prior quarter.
- During the first quarter, PSB repurchased 60,376 shares of its common stock.

Balance Sheet and Asset Quality Review

Total assets increased slightly to $1.36 billion at March 31, 2023, from $1.34 billion at December 31, 2022. Cash and cash equivalents totaled $39.6 million at March 31, 2023 compared to $29.4 million the previous quarter. Investment securities available for sale decreased $1.5 million from maturities and paydowns to $190.7 million at March 31, 2023 from $192.2 million one quarter earlier. Total collateralized liquidity available to meet cash demands was approximately $583 million at March 31, 2023 with an additional $294 million that could be raised in a short timeframe from the brokered CDs market.

Total loans receivable increased $11.4 million to $973.3 million at March 31, 2023, from $961.9 million at December 31, 2022. One-to-four family adjustable rate mortgage loans were added to the portfolio as well as commercial real estate and non-owner occupied construction and land loans. The majority of the Company's lending activity for the quarter consists of lending on commercial real estate properties. As of March 31, 2023, 13.0% of the total loan portfolio and commitments consisted of multi-family loans followed by 8.5% on industrial production and

warehousing real estate loans. Retail sales real estate loans totaled 3.7% of total loans and commitments, hotels totaled 3.3%, and office rental property loans totaled 0.9%. Though the lending pipeline for real estate projects slowed through the winter season, the economic environment in our markets remains healthy and moderate loan origination activity is expected to continue through 2023.

The allowance for loan losses declined slightly to 1.25% of gross loans at March 31, 2023 from 1.26% the prior quarter and included the recovery of reserves related to the adoption of CECL. On January 1, 2023, PSB adopted CECL for determining expected credit losses. At adoption, there was an $87,000 recovery adjustment (reduction) to the allowance for loan losses resulting in an increase to retained earnings as permitted by the adoption accounting rules. Annualized net recoveries to average loans were 0.02% for the first quarter ended March 31, 2023. Non-performing assets declined to 0.45% of total assets at March 31, 2023, compared to 0.48% at December 31, 2022, and 1.03% at March 31, 2022. During the first quarter of 2023, the remaining foreclosed asset was sold.

Total deposits declined 3.6% during the quarter. With the recent rise in interest rates, some depositors shifted existing low cost funds into other higher yield bank products, increasing the cost of funds. Local customers (deposits excluding brokered and national time deposit CDs) declined 3.1% during the March 2023 quarter. However, withdrawals were not a result of customers concerned about FDIC insurance limits in light of recent high profile bank failures. “We carefully examined large customers with deposit outflows and recognized only 6% of large customer outflows related to chasing higher rates at another bank, while approximately 25% of the decline related to seasonal municipal real estate tax activity, and 50% were related to normal business operations, owner distributions, or income tax payments. The manufacturing and health care sector had a strong year in 2022 with business owners making large distributions based on performance, which resulted in some deposit outflow as they shifted commercial deposits to individual deposits,” said Jessica Brown, Senior Vice President and Chief Financial Officer.

The composition of deposits changed during the March 2023 quarter as customers looked for higher deposit rates. At March 31, 2023, money market deposits and retail time deposits increased to 36.6% of deposits, compared to 32.3% at December 31, 2022. The lower-yield demand and savings deposits declined to 56.2% of deposits compared to 59.9% at December 31, 2022. Broker and national time deposits declined to 7.2% of total deposits at March 31, 2023 from 7.8% one quarter earlier. Uninsured and uncollateralized deposits represented 19.0% of total deposits at March 31, 2023 compared to 20.4% at December 31, 2022.

FHLB advances increased to $113.0 million at March 31, 2023, compared to $43.0 million at December 31, 2022, while other borrowings decreased to $5.0 million at March 31, 2023 compared to $13.0 million at December 31, 2022. New FHLB advances were added to support deposit outflows during the quarter as well as to fund loan growth and increase cash on hand for liquidity contingency plans. During the quarter, FHLB funding options carried

lower interest rates than brokered CD alternatives.

Tangible stockholder equity as a percent of total tangible assets increased to 7.54% at March 31, 2023, from 7.42% at December 31, 2022.

Tangible net book value per common share was $22.43 at March 31, 2023, compared to $21.37 per common share one quarter earlier. Relative to the prior quarter, accumulated other comprehensive loss declined $1.7 million, which contributed to the book value per share increase. At March 31, 2023, the fair value on all securities (available for sale and held to maturity) was 10.4% less than amortized purchase cost, compared to 11.6% of the amortized purchase cost at December 31, 2022.

Operations Review

Net interest income decreased to $9.9 million (on a net margin of 3.21%) for the first quarter of 2023, compared to $10.6 million (on a net margin of 3.41%) for the fourth quarter of 2022, and $9.6 million (on a net margin of 3.24%) for the first quarter of 2022. Earning asset yields increased 24 basis points to 4.45% during the first quarter of 2023 from 4.21% during the fourth quarter of 2022, while deposit and borrowing costs increased 57 basis points to 1.68% compared to 1.11% during the fourth quarter of 2022.

The increase in earning asset yields was partially due to higher yields on investment securities during the quarter ended March 31, 2023. Taxable security yields increased to 2.70% for the quarter ended March 31, 2023, from 2.45% in the quarter ended December 31, 2022. Loan yields also increased during the first quarter to 4.90% from 4.67% for the fourth quarter of 2022 as loans repriced to higher indices from Federal Reserve and market rate increases and new loans were added to the portfolio.

As interest rates have increased, deposit customers have become more sensitive to deposit products with higher returns. As such, non-interest bearing deposit accounts declined $24.5 million during the quarter to $267.8 million at March 31, 2023 while money market deposits increased $22.3 million to $238.5 million. The overall cost of deposits was 1.06% for the quarter ended March 31, 2023 compared to 0.72% the prior quarter.

Total noninterest income increased for the first quarter of 2023 to $2.0 million from $1.8 million for the fourth quarter of 2022, due primarily to an increase in mortgage loan servicing partially offset by a reduction in investment sales commissions. At March 31, 2023, the Bank serviced $377.6 million in secondary market residential mortgage loans for others.

Noninterest expenses increased slightly to $7.8 million for the first quarter of 2023, compared to $7.7 million for the fourth quarter of 2022. The first quarter of 2023 included higher salaries and employee benefit expenses. Salary

and employee benefit expenses were $5.0 million for the first quarter of 2023, compared to $4.7 million for the fourth quarter of 2022.

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'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 relating to the COVID-19 pandemic and its effect on PSB 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 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.
Consolidated Balance Sheets
March 31, 2023, September 30, June 30, and March 31, 2022, unaudited, December 31, 2022 derived from audited financial statements

(dollars in thousands, except per share data)	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022
Assets					

Cash and due from banks	$ 13,336	$ 28,561	$ 16,659	$ 19,149	$ 18,322
Interest-bearing deposits	538	758	3,267	3,545	5,158
Federal funds sold	25,766	90	20,751	16,689	14,356
Cash and cash equivalents	39,640	29,409	40,677	39,383	37,836
Securities available for sale (at fair value)	190,738	192,197	188,425	190,478	289,704
Securities held to maturity (fair values of $82,610, $80,926, $77,467, $82,567 and $0 respectively)	87,889	87,816	87,993	88,216	-
Equity securities	2,070	2,032	1,870	1,781	1,720
Bank certificates of deposit (at cost)	-	-	-	245	245
Loans held for sale	-	-	-	270	-
Loans receivable, net	973,270	961,865	936,686	925,260	875,588
Accrued interest receivable	4,062	4,006	3,493	3,285	3,219
Foreclosed assets	-	160	160	160	1,103
Premises and equipment, net	13,406	13,164	13,129	12,981	12,906
Mortgage servicing rights, net	1,682	1,610	1,651	1,711	1,770
Federal Home Loan Bank stock (at cost)	4,620	2,516	2,516	2,646	2,646
Cash surrender value of bank-owned life insurance	25,078	24,922	24,765	24,608	24,455
Core deposit intangible	348	382	415	449	487
Goodwill	2,541	2,541	2,541	2,541	2,541
Other assets	14,444	15,069	15,248	13,550	11,725
TOTAL ASSETS	$1,359,788	$1,337,689	$1,319,569	$1,307,564	$1,265,945
Liabilities					
Non-interest-bearing deposits	$ 267,836	$ 292,338	$ 298,335	$ 283,592	$ 272,611
Interest-bearing deposits	839,757	856,417	850,483	829,867	816,794
Total deposits	1,107,593	1,148,755	1,148,818	1,113,459	1,089,405
Federal Home Loan Bank advances	113,000	43,000	40,000	67,000	47,000
Other borrowings	5,033	12,985	10,449	4,601	4,304
Senior subordinated notes	4,769	5,549	2,500	2,500	2,500
Junior subordinated debentures	12,844	12,819	12,793	12,768	12,742
Accrued expenses and other liabilities	11,338	12,639	10,114	10,938	10,208
Total liabilities	1,254,577	1,235,747	1,224,674	1,211,266	1,166,159
Stockholders' equity					
Preferred stock - no par value: Authorized - 30,000 shares; Issued - 7,200 shares					
Outstanding - 7,200, 7,200, 0, 0, and 0 shares, respectively	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 - 4,241,501, 4,297,279, 4,414,651, 4,423,037 and 4,434,840 shares, respectively	1,830	1,830	1,830	1,830	1,830
Additional paid-in capital	8,311	8,300	8,294	8,238	8,183
Retained earnings	128,968	126,003	123,559	120,043	117,957
Accumulated other comprehensive income (loss), net of tax	(22,515)	(24,220)	(24,200)	(19,423)	(14,097)
Treasury stock, at cost - 1,249,297, 1,193,519, 1,076,147, 1,067,761 and					

1,055,958 shares, respectively	(18,583)	(17,171)	(14,588)	(14,390)	(14,087)
Total stockholders' equity	105,211	101,942	94,895	96,298	99,786
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,359,788	$1,337,689	$1,319,569	$1,307,564	$1,265,945

PSB Holdings, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Quarter Ended Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022
Interest and dividend income:					
Loans, including fees	$ 11,773	$ 11,251	$ 10,225	$ 9,295	$ 9,054
Securities:					
Taxable	1,331	1,218	978	859	762
Tax-exempt	537	539	540	537	533
Other interest and dividends	148	141	163	52	42
Total interest and dividend income	13,789	13,149	11,906	10,743	10,391
Interest expense:					
Deposits	2,989	2,060	1,341	595	443
FHLB advances	547	167	209	234	169
Other borrowings	62	38	14	4	2
Senior subordinated notes	62	55	28	28	28
Junior subordinated debentures	234	224	202	179	166
Total interest expense	3,894	2,544	1,794	1,040	808
Net interest income	9,895	10,605	10,112	9,703	9,583
Provision for loan losses	100	-	-	-	-
Net interest income after provision for loan losses	9,795	10,605	10,112	9,703	9,583
Noninterest income:					
Service fees	361	381	409	392	388
Gain on sale of mortgage loans	27	56	98	182	277
Mortgage loan servicing, net	298	179	130	117	176
Investment and insurance sales commissions	365	498	357	404	456
Increase in cash surrender value of life insurance	157	157	157	152	150
Other noninterest income	742	553	558	686	531
Total noninterest income	1,950	1,824	1,709	1,933	1,978
Noninterest expense:					
Salaries and employee benefits	5,006	4,700	4,302	4,548	4,390
Occupancy and facilities	699	641	687	629	665
Loss (gain) on foreclosed assets	(50)	2	4	-	(6)
Data processing and other office operations	880	910	906	912	861
Advertising and promotion	162	180	185	173	152
Core deposit intangible amortization	34	34	34	38	47
Other noninterest expenses	1,073	1,219	1,069	1,151	1,083
Total noninterest expense	7,804	7,686	7,187	7,451	7,192
Income before provision for income taxes	3,941	4,743	4,634	4,185	4,369
Provision for income taxes	941	1,143	1,119	993	1,039
Net income	$ 3,000	$ 3,600	$ 3,515	$ 3,192	$ 3,330
Preferred stock dividends declared	$ 122	$ 81	$ -	$ -	$ -
Net income available to common shareholders	$ 2,878	$ 3,519	$ 3,515	$ 3,192	$ 3,330
Basic earnings per common share	$ 0.67	$ 0.80	$ 0.80	$ 0.72	$ 0.75
Diluted earnings per common share	$ 0.67	$ 0.80	$ 0.80	$ 0.72	$ 0.75

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

Earnings and dividends:	Quarter ended Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022
Interest income	$ 13,789	$ 13,149	$ 11,906	$ 10,743	$ 10,391
Interest expense	$ 3,894	$ 2,544	$ 1,794	$ 1,040	$ 808
Net interest income	$ 9,895	$ 10,605	$ 10,112	$ 9,703	$ 9,583
Provision for loan losses	$ 100	$ -	$ -	$ -	$ -
Other noninterest income	$ 1,950	$ 1,824	$ 1,709	$ 1,933	$ 1,978
Other noninterest expense	$ 7,804	$ 7,686	$ 7,187	$ 7,451	$ 7,192
Net income available to common shareholders	$ 2,878	$ 3,519	$ 3,515	$ 3,192	$ 3,330
Basic earnings per common share (3)	$ 0.67	$ 0.80	$ 0.80	$ 0.72	$ 0.75
Diluted earnings per common share (3)	$ 0.67	$ 0.80	$ 0.80	$ 0.72	$ 0.75
Dividends declared per common share (3)	$ -	$ 0.25	$ -	$ 0.25	$ -
Tangible net book value per common share (4)	$ 22.43	$ 21.37	$ 20.83	$ 21.10	$ 21.82
Semi-annual dividend payout ratio	n/a	15.27%	n/a	16.96%	n/a
Average common shares outstanding	4,275,160	4,377,330	4,419,421	4,428,939	4,433,375
Balance sheet - average balances:					
Loans receivable, net of allowances for loss	$ 964,030	$ 945,551	$ 931,344	$ 904,710	$ 878,979
Assets	$ 1,336,512	$ 1,321,776	$ 1,323,400	$ 1,290,906	$ 1,278,565
Deposits	$ 1,124,091	$ 1,146,066	$ 1,141,784	$ 1,099,314	$ 1,084,814
Stockholders' equity	$ 103,364	$ 100,037	$ 98,630	$ 98,261	$ 108,803
Performance ratios:					
Return on average assets (1)	0.87%	1.06%	1.05%	0.99%	1.06%
Return on average stockholders' equity (1)	11.29%	13.96%	14.14%	13.03%	12.41%
Return on average tangible common stockholders' equity (1) (4)	12.51%	15.12%	14.58%	13.29%	12.49%
Net loan charge-offs to average loans (1)	-0.02%	0.03%	0.01%	-0.02%	-0.05%
Nonperforming loans to gross loans	0.62%	0.64%	1.16%	1.21%	1.34%
Nonperforming assets to total assets	0.45%	0.48%	0.85%	0.88%	1.03%
Allowances for loan losses to gross loans	1.25%	1.26%	1.30%	1.32%	1.39%
Nonperforming assets to tangible equity plus the allowance for loan losses (4)	5.80%	6.22%	10.89%	11.04%	12.10%
Net interest rate margin (1)(2)	3.21%	3.41%	3.24%	3.23%	3.24%
Net interest rate spread (1)(2)	2.77%	3.10%	3.04%	3.11%	3.14%
Service fee revenue as a percent of average demand deposits (1)	0.52%	0.50%	0.56%	0.57%	0.58%
Noninterest income as a percent of gross revenue	12.39%	12.18%	12.55%	15.25%	15.99%
Efficiency ratio (2)	65.02%	61.06%	60.02%	63.20%	61.40%
Noninterest expenses to average assets (1)	2.37%	2.31%	2.15%	2.32%	2.28%
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets	9.32%	9.23%	8.95%	8.80%	8.99%
Tangible equity to tangible assets (4)	7.54%	7.42%	6.98%	7.15%	7.66%
Stock price information:					
High	$ 25.75	$ 22.74	$ 23.94	$ 26.35	$ 26.45
Low	$ 20.00	$ 21.50	$ 22.50	$ 22.82	$ 25.80
Last trade value at quarter-end	$ 21.15	$ 21.90	$ 22.50	$ 23.50	$ 26.00

(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 Comprehensive Income

(dollars in thousands - unaudited)	Quarter Ended Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022
Net income	$ 3,000	$ 3,600	$ 3,515	$ 3,192	$ 3,330
Other comprehensive income, net of tax:					
Unrealized gain (loss) on securities available for sale	1,601	(116)	(4,915)	(5,573)	(14,847)
Amortization of unrealized loss included in net income on securities available for sale transferred to securities held to maturity	129	93	92	176	-
Unrealized gain (loss) on interest rate swap	(1)	11	32	43	85
Reclassification adjustment of interest rate swap settlements included in earnings	(24)	(8)	13	28	37
Other comprehensive income (loss)	1,705	(20)	(4,778)	(5,326)	(14,725)
Comprehensive income (loss)	$ 4,705	$ 3,580	$ (1,263)	$ (2,134)	$ (11,395)

PSB Holdings, Inc.
Nonperforming Assets as of:

(dollars in thousands)	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
Nonaccrual loans (excluding restructured loans)	$ 5,773	$ 5,879	$ 6,048	$ 6,036	$ 6,537
Nonaccrual restructured loans	57	62	70	146	170
Restructured loans not on nonaccrual	265	270	4,904	5,137	5,172
Accruing loans past due 90 days or more	-	-	-	-	-
Total nonperforming loans	6,095	6,211	11,022	11,319	11,879
Other real estate owned	-	160	160	160	1,103
Total nonperforming assets	$ 6,095	$ 6,371	$ 11,182	$ 11,479	$ 12,982
Nonperforming loans as a % of gross loans receivable	0.62%	0.64%	1.16%	1.21%	1.34%
Total nonperforming assets as a % of total assets	0.45%	0.48%	0.85%	0.88%	1.03%
Allowance for loan losses as a % of nonperforming loans	190.21%	197.92%	112.28%	109.48%	103.89%

PSB Holdings, Inc.
Nonperforming Assets >= $500,000 net book value before specific reserves
At March 31, 2023

(dollars in thousands)

Collateral Description	Asset Type	Gross Principal	Specific Reserves
Real estate - Buffet Style Restaurant	Nonaccrual	$ 2,873	$ 1,123
Real estate - Independent Auto Repair	Nonaccrual	762	71
Total listed nonperforming assets		$ 3,635	$ 1,194
Total bank wide nonperforming assets		$ 6,095	$ 1,472
Listed assets as a % of total nonperforming assets		60%	81%

PSB Holding, Inc.
Loan Composition by Purpose

Quarter-ended (dollars in thousands)	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
Residential real estate:					
One to four family	$ 187,325	$ 182,688	$ 172,913	$ 169,437	$ 168,083
HELOC loans	18,141	17,625	18,423	17,776	16,709
Residential construction & development	22,014	20,698	22,313	22,462	21,590
Residential vacant land	1,223	1,414	3,069	1,599	1,697
Total Residential real estate	228,703	222,425	216,718	211,274	208,079
Commercial/Agricultural real estate:					
Owner occupied					
Commercial real estate	237,217	220,374	211,008	205,976	208,271
SBA commercial real estate	2,112	2,514	2,616	2,458	2,530
Agriculture real estate	3,681	3,835	3,902	3,583	3,651
Construction and land development	2,825	22,330	32,158	31,465	26,111
Commercial vacant land	6,712	7,291	5,214	5,351	5,194
Total Owner occupied	252,547	256,344	254,898	248,833	245,757
Non-owner occupied					
Commercial real estate	226,280	228,761	225,823	227,400	212,407
One to four family residential rental	65,673	64,764	66,224	61,749	56,305
Construction and land development	41,272	27,253	25,543	25,086	23,080
Commercial vacant land	3,928	3,862	4,010	4,287	4,191
Total Non-owner occupied	337,153	324,640	321,600	318,522	295,983
Commercial/Agricultural non-real estate:					
Municipal non-real estate	6,430	9,915	7,133	6,352	6,403
Commercial line	57,727	63,173	56,154	65,728	54,626
Other commercial non-real estate	92,419	87,535	82,430	76,065	64,260
SBA commercial non-real estate	3,997	3,533	3,378	3,926	6,068
Agricultural non-real estate	1,250	1,290	1,491	1,409	1,340
Total Commercial/Agr. non-real estate	161,823	165,446	150,586	153,480	132,697
Consumer non-real estate:					
Consumer installment	3,357	4,072	4,005	4,305	4,201
Consumer line	529	382	494	493	486
Other consumer	108	115	116	123	118
Total Consumer non-real estate	3,994	4,569	4,615	4,921	4,805
Gross loans	984,220	973,424	948,417	937,030	887,321
Net deferred loan costs (fees)	542	573	537	503	423
Overdrafts	101	160	107	119	185
Allowance for loan losses	(11,593)	(12,293)	(12,375)	(12,392)	(12,341)
Total loans receivable	$ 973,270	$ 961,864	$ 936,686	$ 925,260	$ 875,588

PSB Holding, Inc.
Commercial Real Estate Loans by Purpose

(dollars in thousands)	Mar 31, 2023		Dec 31, 2022		Sep 30, 2022		Jun 30, 2022		Mar 31, 2022	
	$	%	$	%	$	%	$	%	$	%
	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	$121,559	13.0%	$120,232	13.1%	$141,414	15.6%	$143,074	15.7%	$122,169	14.6%
Industrial and Warehousing	$78,934	8.5%	$76,536	8.3%	$83,033	9.1%	$79,073	8.7%	$74,228	8.9%
Retail	$34,427	3.7%	$32,587	3.5%	$39,279	4.3%	$39,013	4.3%	$36,069	4.3%
Hotels	$31,069	3.3%	$32,940	3.6%	$26,958	3.0%	$26,948	3.0%	$29,281	3.5%
Office	$8,544	0.9%	$8,652	0.9%	$8,758	1.0%	$8,862	1.0%	$8,964	1.1%

(1) Percentage of portfolio and commitments.

PSB Holdings, Inc.
Deposit Composition - Insured and Collateralized Deposits

(dollars in thousands)	March 31, 2023		December 31, 2022		September 30, 2022		June 30, 2022		March 31, 2022	
	$	%	$	%	$	%	$	%	$	%
Non-interest bearing demand	$ 205,350	18.5%	$ 203,115	17.7%	$ 216,117	18.8%	$ 207,852	18.7%	$ 209,115	19.2%
Interest-bearing demand and savings	329,364	29.7%	345,854	30.1%	348,989	30.4%	331,034	29.7%	347,652	31.9%
Money market deposits	128,575	11.6%	131,400	11.4%	130,125	11.3%	132,374	11.9%	133,202	12.2%
Retail and local time deposits <= $250	136,090	12.3%	130,205	11.3%	132,095	11.5%	136,230	12.2%	138,821	12.7%
Total core deposits	799,379	72.2%	810,574	70.6%	827,326	72.0%	807,490	72.5%	828,790	76.1%
Retail and local time deposits > $250	17,000	1.5%	14,500	1.3%	12,250	1.1%	13,000	1.2%	13,250	1.2%
Broker & national time deposits <= $250	5,953	0.5%	6,451	0.6%	6,700	0.6%	7,443	0.7%	7,443	0.7%
Broker & national time deposits > $250	74,485	6.7%	82,439	7.2%	82,439	7.2%	56,255	5.1%	36,965	3.4%
Totals	$ 896,817	81.0%	$ 913,964	79.6%	$ 928,715	80.8%	$ 884,188	79.4%	$ 886,448	81.4%

PSB Holdings, Inc.
Deposit Composition - Uninsured and Uncollateralized Deposits

(dollars in thousands)	March 31, 2023		December 31, 2022		September 30, 2022		June 30, 2022		March 31, 2022	
	$	%	$	%	$	%	$	%	$	%
Non-interest bearing demand	$ 62,487	5.6%	$ 89,223	7.8%	$ 82,219	7.2%	$ 75,740	6.8%	$ 63,496	5.8%
Interest-bearing demand and savings	24,854	2.2%	49,917	4.3%	28,842	2.5%	45,116	4.1%	35,177	3.2%
Money market deposits	109,894	9.9%	84,673	7.4%	98,493	8.6%	94,533	8.5%	88,780	8.1%
Retail and local time deposits <= $250	0	0.0%	0	0.0%	-	0.0%	-	0.0%	-	0.0%

Total core deposits	197,235	17.8%	223,813	19.5%	209,554	18.2%	215,389	19.3%	187,453	17.2%
Retail and local time deposits > $250	13,541	1.2%	10,978	1.0%	10,549	0.9%	13,882	1.2%	15,504	1.4%
Broker & national time deposits <= $250	0	0.0%	0	0.0%	-	0.0%	-	0.0%	-	0.0%
Broker & national time deposits > $250	0	0.0%	0	0.0%	-	0.0%	-	0.0%	-	0.0%
Totals	$ 210,776	19.0%	$ 234,791	20.4%	$ 220,103	19.2%	$ 229,271	20.6%	$ 202,957	18.6%

PSB Holdings, Inc.
Deposit Composition - Total Deposits

(dollars in thousands)	March 31, 2023		December 31, 2022		September 30, 2022		June 30, 2022		March 31, 2022	
	$	%	$	%	$	%	$	%	$	%
Non-interest bearing demand	$ 267,836	24.2%	$ 292,338	25.4%	$ 298,335	26.0%	$ 283,592	25.5%	$ 272,611	25.0%
Interest-bearing demand and savings	354,218	32.0%	395,771	34.5%	377,831	32.9%	376,150	33.8%	382,829	35.1%
Money market deposits	238,470	21.5%	216,073	18.8%	228,619	19.9%	226,907	20.4%	221,982	20.4%
Retail and local time deposits <= $250	136,090	12.3%	130,205	11.3%	132,095	11.5%	136,230	12.2%	138,821	12.7%
Total core deposits	996,614	90.0%	1,034,387	90.0%	1,036,880	90.3%	1,022,879	91.9%	1,016,243	93.3%
Retail and local time deposits > $250	30,541	2.8%	25,478	2.2%	22,799	2.0%	26,882	2.4%	28,754	2.6%
Broker & national time deposits <= $250	5,953	0.5%	6,451	0.6%	6,700	0.6%	7,443	0.7%	7,443	0.7%
Broker & national time deposits > $250	74,485	6.7%	82,439	7.2%	82,439	7.2%	56,255	5.1%	36,965	3.4%
Totals	$ 1,107,593	100.0%	$ 1,148,755	100.0%	$ 1,148,818	100.0%	$ 1,113,459	100.0%	$ 1,089,405	100.0%

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

	Quarter ended March 31, 2023			Quarter ended December 31, 2022			Quarter ended March 31, 2022		
	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate
Assets									
Interest-earning assets:									
Loans (1)(2)	$ 976,395	$ 11,788	4.90%	$ 957,926	$ 11,266	4.67%	$ 891,257	$ 9,065	4.12%
Taxable securities	199,705	1,331	2.70%	197,070	1,218	2.45%	216,965	762	1.42%
Tax-exempt securities (2)	81,932	680	3.37%	82,074	682	3.30%	87,719	675	3.12%
FHLB stock	3,059	50	6.63%	2,516	32	5.05%	2,646	34	5.21%
Other	9,024	98	4.40%	14,131	109	3.06%	20,448	8	0.16%
Total (2)	1,270,115	13,947	4.45%	1,253,717	13,307	4.21%	1,219,035	10,544	3.51%
Non-interest-earning assets:									
Cash and due from banks	17,255			18,941			17,996		
Premises and equipment, net	13,332			13,123			12,732		
Cash surrender value ins	24,982			24,822			24,361		
Other assets	23,193			23,548			16,719		
Allowance for loan losses	(12,366)			(12,375)			(12,278)		

Total	$ 1,336,511			$ 1,321,776			$ 1,278,565				
Liabilities & stockholders' equity											
Interest-bearing liabilities:											
Savings and demand deposits	$ 373,557	$ 1,053	1.14%	$ 376,075	$ 690	0.73%	$ 396,261	$ 69	0.07%		
Money market deposits	225,624	830	1.49%	224,701	601	1.06%	218,367	89	0.17%		
Time deposits	245,562	1,106	1.83%	241,290	769	1.26%	198,431	285	0.58%		
FHLB borrowings	68,833	547	3.22%	35,522	167	1.87%	51,200	169	1.34%		
Other borrowings	10,025	62	2.51%	11,307	38	1.33%	6,452	2	0.13%		
Senior sub. notes	5,159	62	4.87%	4,522	55	4.83%	2,500	28	4.54%		
Junior sub. debentures	12,832	234	7.40%	12,806	224	6.94%	12,730	166	5.29%		
Total	941,592	3,894	1.68%	906,223	2,544	1.11%	885,941	808	0.37%		
Non-interest-bearing liabilities:											
Demand deposits	279,348			304,000			271,755				
Other liabilities	12,208			11,516			12,066				
Stockholders' equity	103,363			100,037			108,803				
Total	$ 1,336,511			$ 1,321,776			$ 1,278,565				
Net interest income		$ 10,053			$ 10,763			$ 9,736			
Rate spread			2.77%			3.10%			3.14%		
Net yield on interest-earning assets			3.21%			3.41%			3.24%		

(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%.

Source: PSB Holdings, Inc.