NEWS RELEASE

PSB Holdings, Inc. Reports Fourth Quarter 2023 Earnings of $0.55 Per Share; Capital Up 6.2% From Prior Quarter

2024-01-24

WAUSAU, Wis., Jan. 24, 2024 (GLOBE NEWSWIRE) -- PSB Holdings, Inc. (“PSB”) (OTCQX: PSBQ), the holding company for Peoples State Bank (“Peoples”) serving Northcentral and Southeastern Wisconsin reported fourth quarter earnings ending December 31, 2023 of $0.55 per common share on net income of $2.3 million, compared to $0.29 per common share on net income of $1.2 million during the third quarter ending September 30, 2023, and $0.80 per common share on net income of $3.5 million during the fourth quarter ending December 31, 2022.

PSB’s fourth quarter 2023 operating results reflected the following changes from the third quarter of 2023: (1) lower tax expense related to a change in Wisconsin tax law passed in July 2023 that eliminated state taxes on certain qualified assets; (2) lower non-interest income due to losses on the sale of investment securities; (3) lower non-interest expense related to lower salary and benefit expenses; (4) lower accumulated other comprehensive income (loss) (“AOCI”) due to a decrease in intermediate interest rates; (5) stronger capital ratios supported by additional earnings, AOCI improvements and lower total assets; and (6) an increase in insured and collateralized core deposits.

“We are seeing the decline in our net interest margin stabilize, non-performing assets remain low and overhead expenses contained at an acceptable level. With the challenging economic and interest rate environment experienced in 2023, we delivered a return of 9.62% on common tangible shareholder equity. Though different challenges may arise during 2024, we are proud of the commitment our team has to deliver strong returns to shareholders. Our organization is filled with strong personnel dedicated to making good decisions and building the best bank for the communities we serve,” stated Scott Cattanach, President and CEO. “We bring conservative growth expectations into 2024, but if industry credit conditions remain good and we return net interest margin to historical levels in excess of 3.00%, we expect our earnings in 2024 to exceed 2023 levels.”

December 31, 2023, Highlights:

- Net interest income was unchanged at $9.6 million for the quarter ended December 31, 2023 as increases in funding costs were offset by increases in asset yields.
- The effective tax rate declined to 26.7% for the quarter ended December 31, 2023 compared to 63.8% the prior quarter and 24.1% one year earlier. The current quarter includes additional impacts from continued adoption of the 2023 changes in Wisconsin tax law. The prior quarter reflected recognition of an allowance against Wisconsin deferred tax assets, including those assets related to accumulated other comprehensive income. During calendar 2023, adoption of the Wisconsin tax change increased tax expense by $1.9 million.
- Tangible book value per common share increased 7.1% to $23.84 at December 31, 2023 compared to $22.25 one quarter earlier. During the fourth quarter ended December 31, 2023, tangible book value was positively influenced by net income, intangible asset amortization and lower accumulated other comprehensive loss.
- Return on tangible common equity was 9.64% for the quarter ended December 31, 2023 compared to 5.17% the prior quarter and 15.23% one year earlier.
- Loans decreased $19.5 million in the fourth quarter ended December 31, 2023, to $1.1 billion. Allowance for credit losses increased to 1.13% of gross loans.
- Noninterest income was $1.1 million for the quarter ended December 31, 2023 compared to $1.7 million the prior quarter. The current quarter reflected lower mortgage banking income and a $297,000 loss on the sale of investment securities.
- Noninterest expenses decreased $96,000 in the fourth quarter of 2023, to $7.4 million from $7.5 million the prior quarter. The decrease was primarily related to lower salaries and benefit expenses.

Balance Sheet and Asset Quality Review

Total assets decreased slightly to $1.42 billion at December 31, 2023, from $1.44 billion at September 30, 2023. Cash and cash equivalents increased $6.51 million, to $27.8 million at December 31, 2023 compared to $21.3 million the previous quarter. The higher cash and cash equivalent level primarily reflects proceeds from loan payoffs. Investment securities available for sale increased slightly to $164.0 million at December 31, 2023 from $160.9 million one quarter earlier. During the fourth quarter, $4.0 million available for sale securities were sold with the proceeds reinvested into higher yielding investments. Total collateralized liquidity available to meet cash demands was approximately $363 million at December 31, 2023 with an additional $310 million that could be raised in a short timeframe from the brokered CDs market.

Despite 2023 full year loan growth of 12.1%, total loans receivable decreased $19.5 million to $1.08 billion at December 31, 2023, from $1.10 billion at September 30, 2023. Commercial real estate loans decreased $8.0 million to $617.9 million at December 31, 2023 from $625.9 million the prior quarter. Commercial non-real estate loans decreased $16.9 million to $161.0 million at December 31, 2023 from $177.9 million one quarter earlier. Residential

real estate loans increased $1.36 million from the prior quarter to $338.2 million from $336.8 million. The loan portfolio remains well diversified with commercial real estate loans totaling 55.1% of gross loans followed by residential real estate loans at 30.2% of gross loans, commercial non-real estate loans at 14.4% and consumer loans at 0.3%.

The allowance for credit losses increased slightly to 1.13% of gross loans at December 31, 2023 from 1.10% the prior quarter. Annualized net charge-offs to average loans were zero for the fourth and third quarters ended December 31, 2023 and September 30, 2023 compared to net charge-offs of 0.03% one year earlier. Non-performing assets remained at 0.42% of total assets at December 31, 2023. For the fourth consecutive quarter, the Bank did not own any foreclosed real estate.

Total deposits decreased $30.4 million to $1.14 billion at December 31, 2023 from $1.17 billion at September 30, 2023. The decline in deposits reflects pay down of $18.3 million in maturing brokered deposits and national CDs and a $22.5 million decline in uninsured deposits. Insured core and time deposits increased $10.4 million during the fourth quarter.

The composition of deposits continued to change during the fourth quarter of 2023 as customers continue to seek higher deposit rates. At December 31, 2023, money market deposits and retail time deposits increased to 40.6% of deposits, compared to 39.2% at September 30, 2023. Uninsured and uncollateralized deposits represented 20.9% of total deposits at December 31, 2023 compared to 22.2% at September 30, 2023.

FHLB advances increased to $134.0 million at December 31, 2023 compared to $128.0 million at September 30, 2023. FHLB advances were used to fund repayment of certain brokered deposit maturities. Other borrowings increased by $2.4 million to $8.1 million at December 31, 2023.

Tangible stockholder equity as a percent of total tangible assets was 7.49% at December 31, 2023, compared to 6.98% at September 30, 2023 and 7.42% at December 31, 2022.

Tangible net book value per common share increased $2.47, or 11.6% to $23.84 at December 31, 2023, compared to $21.37 one year earlier. Relative to the prior quarter, tangible net book value per common share increased $1.59, or 7.1% due to continued earnings and a decrease in accumulated other comprehensive loss of $5.5 million. Lower interest rates and new security purchases increased the market value on the available for sale securities portfolio during the fourth quarter.

Operations Review

Net interest income remained at $9.6 million (on a net margin of 2.88%) for the fourth quarter of 2023, equal to

$9.6 million (on a net margin of 2.88%) for the third quarter of 2023, and $10.6 million (on a net margin of 3.41%) for the fourth quarter of 2022. Earning asset yields increased 21 basis points to 4.99% during the fourth quarter of 2023 from 4.78% during the third quarter of 2023, while deposit and borrowing costs increased 28 basis points to 2.79% compared to 2.51% during the third quarter of 2023.

The increase in earning asset yields was primarily due to higher yields on loan originations and renewals during the quarter. Taxable security yields were 2.72% for the quarter ended December 31, 2023, compared to 2.55% for the quarter ended September 30, 2023, up 17 basis points. Loan yields increased during the fourth quarter to 5.43% from 5.23% for the third quarter of 2023, up 20 basis points as loans repriced to higher market rates and increased credit spreads.

Rising deposit costs for savings and demand deposits, money market deposits, time deposits and FHLB advances were responsible for the rise in the Bank's cost of funds. The overall cost of deposits was 1.91% for the quarter ended December 31, 2023 compared to 1.66% the prior quarter, up 25 basis points. FHLB advance costs rose to 4.01% during the fourth quarter ended December 31, 2023 from 3.90% the prior quarter.

Total noninterest income decreased for the fourth quarter of 2023 to $1.10 million, from $1.68 million for the third quarter of 2023, due primarily to a loss on the sale of investment securities during the fourth quarter of $297,000. Additionally, mortgage banking income declined by $98,000, or 28%. At December 31, 2023, the Bank serviced $366.6 million in secondary market residential mortgage loans for others which provides fee income. Total mortgage banking income was $247,000 for the quarter ended December 31, 2023 compared to $345,000 for the quarter ended September 30, 2023.

Noninterest expenses decreased to $7.4 million for the fourth quarter of 2023, compared to $7.5 million for the third quarter of 2023. The fourth quarter of 2023 included lower salary and benefit expenses relative to the prior quarter.

Taxes decreased $1.5 million during the fourth quarter to $878,000 from $2.38 million one quarter earlier. The decrease reflects a prior quarter charge of $2.8 million related to a Wisconsin state tax change signed by the Governor in July 2023, effective January 1, 2023. Due to the tax change, the Company does not expect to incur Wisconsin state income tax during 2024.

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 eleven full-service banking locations in Marathon, Oneida, Vilas, Portage, Milwaukee and Waukesha counties. 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.

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PSB Holdings, Inc.
Consolidated Balance Sheets
December 31, September 30, June 30, and March 31, 2023, unaudited, December 31, 2022 derived from audited financial statements

(dollars in thousands, except per share data)	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022
Assets					
Cash and due from banks	$ 20,887	$ 12,881	$ 27,409	$ 13,336	$ 28,561
Interest-bearing deposits	1,431	668	892	538	758
Federal funds sold	5,462	7,764	16,138	25,766	90
Cash and cash equivalents	27,780	21,313	44,439	39,640	29,409
Securities available for sale (at fair value)	164,024	160,883	167,382	190,738	192,197
Securities held to maturity (fair values of $82,514, $75,236, $81,489, $82,610 and $80,926 respectively)	87,081	86,908	87,335	87,889	87,816
Equity securities	1,474	2,273	2,178	2,070	2,032
Loans held for sale	230	971	151	-	-
Loans receivable, net (allowance for credit losses $12,302, $12,267, $11,922,					

$11,593 and $12,293 respectively)	1,078,475	1,098,019	1,048,322	973,270	961,865
Accrued interest receivable	5,136	4,716	4,274	4,062	4,006
Foreclosed assets	-	-	-	-	160
Premises and equipment, net	13,098	13,242	13,256	13,406	13,164
Mortgage servicing rights, net	1,664	1,684	1,666	1,682	1,610
Federal Home Loan Bank stock (at cost)	6,373	6,373	6,359	4,620	2,516
Cash surrender value of bank-owned life insurance	24,085	23,931	23,776	25,078	24,922
Core deposit intangible	273	297	321	348	382
Goodwill	2,541	2,541	2,541	2,541	2,541
Other assets	11,866	14,094	14,933	14,444	15,069
TOTAL ASSETS	$ 1,424,100	$ 1,437,245	$ 1,416,933	$ 1,359,788	$ 1,337,689
Liabilities					
Non-interest-bearing deposits	$ 266,829	$ 288,765	$ 282,153	$ 267,836	$ 292,338
Interest-bearing deposits	874,973	883,474	860,981	839,757	856,417
Total deposits	1,141,802	1,172,239	1,143,134	1,107,593	1,148,755
Federal Home Loan Bank advances	134,000	128,000	133,000	113,000	43,000
Other borrowings	8,058	5,660	5,730	5,033	12,985
Senior subordinated notes	4,774	4,772	4,771	4,769	5,549
Junior subordinated debentures	12,921	12,896	12,870	12,844	12,819
Allowance for credit losses on unfunded commitments	577	512	712	762	-
Accrued expenses and other liabilities	12,681	10,258	11,783	10,576	12,639
Total liabilities	1,314,813	1,334,337	1,312,000	1,254,577	1,235,747
Stockholders' equity					
Preferred stock - no par value:					
Authorized - 30,000 shares; no shares issued or outstanding					
Outstanding - 7,200, 7,200, 7,200, 7,200, and 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 - 4,164,735, 4,174,197, 4,190,252, 4,241,501 and 4,297,279 shares, respectively	1,830	1,830	1,830	1,830	1,830
Additional paid-in capital	8,460	8,421	8,382	8,311	8,300
Retained earnings	132,666	131,624	130,396	128,968	126,003
Accumulated other comprehensive loss, net of tax	(20,689)	(26,190)	(23,240)	(22,515)	(24,220)
Treasury stock, at cost - 1,326,063, 1,316,601, 1,300,546, 1,249,297 and 1,193,519 shares, respectively	(20,180)	(19,977)	(19,635)	(18,583)	(17,171)
Total stockholders' equity	109,287	102,908	104,933	105,211	101,942
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,424,100	$ 1,437,245	$ 1,416,933	$ 1,359,788	$ 1,337,689

PSB Holdings, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Quarter Ended Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Year Ended December 2023	2022
Interest and dividend income:							
Loans, including fees	$ 14,888	$ 14,263	$ 12,709	$ 11,773	$ 11,251	$ 53,633	$ 39,825
Securities:							
Taxable	1,147	1,114	1,327	1,331	1,218	4,919	3,817
Tax-exempt	532	533	535	537	539	2,137	2,149
Other interest and dividends	320	238	145	148	141	851	398
Total interest and dividend income	16,887	16,148	14,716	13,789	13,149	61,540	46,189
Interest expense:							
Deposits	5,526	4,817	3,661	2,989	2,060	16,993	4,439
FHLB advances	1,349	1,321	1,200	547	167	4,417	779
Other borrowings	54	51	48	62	38	215	58
Senior subordinated notes	59	59	58	62	55	238	139
Junior subordinated debentures	254	255	242	234	224	985	771

Total interest expense	7,242	6,503	5,209	3,894	2,544	22,848	6,186
Net interest income	9,645	9,645	9,507	9,895	10,605	38,692	40,003
Provision for credit losses	100	150	100	100	-	450	-
Net interest income after provision for credit losses	9,545	9,495	9,407	9,795	10,605	38,242	40,003
Noninterest income:							
Service fees	360	349	378	361	381	1,448	1,570
Mortgage banking income	247	345	311	325	235	1,228	1,215
Investment and insurance sales commissions	100	158	287	365	498	910	1,715
Net loss on sale of securities	(297)	-	(279)	-	-	(576)	-
Increase in cash surrender value of life insurance	154	155	149	157	157	615	616
Life insurance death benefit	-	-	533	-	-	533	-
Other noninterest income	540	675	605	742	553	2,562	2,328
Total noninterest income	1,104	1,682	1,984	1,950	1,824	6,720	7,444
Noninterest expense:							
Salaries and employee benefits	4,244	4,514	4,884	5,006	4,700	18,648	17,940
Occupancy and facilities	675	689	698	699	641	2,761	2,622
Loss (gain) on foreclosed assets	1	-	4	(50)	2	(45)	-
Data processing and other office operations	1,001	953	951	880	910	3,785	3,589
Advertising and promotion	244	161	166	162	180	733	690
Core deposit intangible amortization	24	24	27	34	34	109	153
Other noninterest expenses	1,169	1,113	1,202	1,073	1,219	4,557	4,522
Total noninterest expense	7,358	7,454	7,932	7,804	7,686	30,548	29,516
Income before provision for income taxes	3,291	3,723	3,459	3,941	4,743	14,414	17,931
Provision for income taxes	878	2,374	652	941	1,143	4,845	4,294
Net income	$ 2,413	$ 1,349	$ 2,807	$ 3,000	$ 3,600	$ 9,569	$ 13,637
Preferred stock dividends declared	$ 122	$ 122	$ 122	$ 122	$ 81	$ 486	$ 81
Net income available to common shareholders	$ 2,291	$ 1,227	$ 2,685	$ 2,878	$ 3,519	$ 9,083	$ 13,556
Basic earnings per common share	$ 0.55	$ 0.29	$ 0.64	$ 0.67	$ 0.80	$ 2.16	$ 3.07
Diluted earnings per common share	$ 0.55	$ 0.29	$ 0.64	$ 0.67	$ 0.80	$ 2.16	$ 3.07

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

	Quarter ended				
Earnings and dividends:	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022
Interest income	$ 16,887	$ 16,148	$ 14,716	$ 13,789	$ 13,149
Interest expense	$ 7,242	$ 6,503	$ 5,209	$ 3,894	$ 2,544
Net interest income	$ 9,645	$ 9,645	$ 9,507	$ 9,895	$ 10,605
Provision for credit losses	$ 100	$ 150	$ 100	$ 100	$ -
Other noninterest income	$ 1,104	$ 1,682	$ 1,984	$ 1,950	$ 1,824
Other noninterest expense	$ 7,358	$ 7,454	$ 7,932	$ 7,804	$ 7,686
Net income available to common shareholders	$ 2,291	$ 1,227	$ 2,685	$ 2,878	$ 3,519
Basic earnings per common share (3)	$ 0.55	$ 0.29	$ 0.64	$ 0.67	$ 0.80
Diluted earnings per common share (3)	$ 0.55	$ 0.29	$ 0.64	$ 0.67	$ 0.80
Dividends declared per common share (3)	$ 0.30	$ -	$ 0.30	$ -	$ 0.25
Tangible net book value per common share (4)	$ 23.84	$ 22.25	$ 22.64	$ 22.43	$ 21.37
Semi-annual dividend payout ratio	38.14%	n/a	27.38%	n/a	15.27%
Average common shares outstanding	4,168,924	4,186,940	4,218,226	4,275,160	4,377,330
Balance sheet - average balances:					
Loans receivable, net of allowances for credit loss	$ 1,081,851	$ 1,076,158	$ 1,000,349	$ 964,029	$ 945,551
Assets	$ 1,424,240	$ 1,425,522	$ 1,367,363	$ 1,336,511	$ 1,321,776
Deposits	$ 1,148,399	$ 1,149,624	$ 1,098,039	$ 1,124,091	$ 1,146,066
Stockholders' equity	$ 105,060	$ 105,758	$ 106,762	$ 103,406	$ 100,037

Performance ratios:					
Return on average assets (1)	0.67%	0.38%	0.82%	0.91%	1.08%
Return on average common stockholders' equity (1)	9.29%	4.94%	10.82%	12.13%	14.66%
Return on average tangible common stockholders' equity (1)(4)	9.64%	5.17%	11.23%	12.63%	15.23%
Net loan charge-offs to average loans (1)	0.00%	0.00%	-0.07%	-0.02%	0.03%
Nonperforming loans to gross loans	0.54%	0.55%	0.60%	0.62%	0.64%
Nonperforming assets to total assets	0.42%	0.42%	0.45%	0.45%	0.48%
Allowance for credit losses to gross loans	1.13%	1.10%	1.12%	1.18%	1.26%
Nonperforming assets to tangible equity plus the allowance for credit losses (4)	5.40%	5.90%	6.00%	5.80%	6.22%
Net interest rate margin (1)(2)	2.88%	2.88%	2.98%	3.21%	3.41%
Net interest rate spread (1)(2)	2.20%	2.27%	2.46%	2.77%	3.10%
Service fee revenue as a percent of average demand deposits (1)	0.52%	0.50%	0.58%	0.52%	0.50%
Noninterest income as a percent of gross revenue	6.14%	9.43%	11.88%	12.39%	12.18%
Efficiency ratio (2)	67.04%	64.58%	68.09%	65.02%	61.06%
Noninterest expenses to average assets (1)	2.05%	2.07%	2.33%	2.37%	2.31%
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets	8.88%	9.00%	9.33%	9.32%	9.23%
Tangible equity to tangible assets (4)	7.49%	6.98%	7.22%	7.54%	7.42%
Stock price information:					
High	$ 22.30	$ 22.50	$ 21.38	$ 25.75	$ 22.74
Low	$ 20.10	$ 20.35	$ 19.75	$ 20.00	$ 21.50
Last trade value at quarter-end	$ 22.11	$ 21.15	$ 20.35	$ 21.15	$ 21.90

(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)	Quarter Ended Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022
Net income	$ 2,413	$ 1,349	$ 2,807	$ 3,000	$ 3,600
Other comprehensive income, net of tax:					
Unrealized gain (loss) on securities available for sale	5,323	(3,085)	(1,168)	1,601	(116)
Reclassification adjustment for security loss included in net income	235	-	202	-	-
Amortization of unrealized loss included in net income on securities available for sale transferred to securities held to maturity	91	91	107	129	93
Unrealized gain (loss) on interest rate swap	(109)	79	161	(1)	11
Reclassification adjustment of interest rate swap settlements included in earnings	(39)	(35)	(27)	(24)	(8)
Other comprehensive income (loss)	5,501	(2,950)	(725)	1,705	(20)
Comprehensive income (loss)	$ 7,914	$ (1,601)	$ 2,082	$ 4,705	$ 3,580

PSB Holdings, Inc.
Nonperforming Assets as of:

(dollars in thousands)	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
Nonaccrual loans (excluding restructured loans)	$ 5,596	$ 5,807	$ 6,000	$ 5,773	$ 5,879
Nonaccrual restructured loans	34	42	50	57	62
Restructured loans not on nonaccrual	310	256	261	265	270
Accruing loans past due 90 days or more	-	-	-	-	-
Total nonperforming loans	5,940	6,105	6,311	6,095	6,211
Other real estate owned	-	-	-	-	160
Total nonperforming assets	$ 5,940	$ 6,105	$ 6,311	$ 6,095	$ 6,371
Nonperforming loans as a % of gross loans receivable	0.54%	0.55%	0.60%	0.62%	0.64%
Total nonperforming assets as a % of total assets	0.42%	0.42%	0.45%	0.45%	0.48%
Allowance for credit losses as a % of nonperforming loans	207.10%	200.93%	188.91%	190.21%	197.92%

PSB Holdings, Inc.
Nonperforming Assets >= $500,000 net book value before specific reserves
At December 31, 2023
(dollars in thousands)

Collateral Description	Asset Type	Gross Principal	Specific Reserves
Real estate - Buffet Style Restaurant	Nonaccrual	$ 2,676	$ 935
Real estate - Independent Auto Repair	Nonaccrual	654	21
Total listed nonperforming assets		$ 3,330	$ 956
Total bank wide nonperforming assets		$ 5,940	$ 1,340
Listed assets as a % of total nonperforming assets		56%	71%

PSB Holding, Inc.
Loan Composition by Collateral Type

Quarter-ended (dollars in thousands)	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
Commercial:					
Commercial and instrustrial	$ 117,207	$ 138,299	$ 145,434	$ 133,427	$ 129,640
Agriculture	12,304	12,464	13,326	12,434	12,979
Municipal	31,530	27,186	25,222	6,430	9,915

Total Commercial	161,041	177,949	183,982	152,291	152,534
Commercial Real Estate:					
Commercial real estate	536,209	539,488	490,657	469,395	471,225
Construction and development	81,701	86,456	99,769	103,108	100,775
Total Commercial Real Estate	617,910	625,944	590,426	572,503	572,000
Residential real estate:					
Residential	274,453	274,632	274,692	261,415	253,740
Construction and development	33,960	33,141	41,485	26,480	24,367
HELOC	29,766	29,044	26,220	25,001	24,173
Total Residential Real Estate	338,179	336,817	342,397	312,896	302,280
Consumer installment	4,357	4,350	4,142	4,079	4,734
Subtotals - Gross loans	1,121,487	1,145,060	1,120,947	1,041,769	1,031,548
Loans in process of disbursement	(31,359)	(35,404)	(61,308)	(57,448)	(57,963)
Subtotals - Disbursed loans	1,090,128	1,109,656	1,059,639	984,321	973,585
Net deferred loan costs	649	630	605	542	573
Allowance for credit losses	(12,302)	(12,267)	(11,922)	(11,593)	(12,293)
Total loans receivable	$ 1,078,475	$ 1,098,019	$ 1,048,322	$ 973,270	$ 961,865

PSB Holding, Inc.
Selected Commercial Real Estate Loans by Purpose

(dollars in thousands)	Dec 31, 2023		Sep 30, 2023		June 30, 2023		Mar 31, 2023		Dec 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	$ 132,386	13.2%	$ 133,466	13.3%	$ 119,573	12.4%	$ 121,559	13.0%	$ 120,232	13.1%
Industrial and Warehousing	83,817	8.3	88,906	8.9	84,049	8.7	78,934	8.5	76,536	8.3
Retail	35,419	3.5	35,281	3.5	34,004	3.5	34,427	3.7	32,587	3.5
Hotels	36,100	3.6	31,819	3.2	33,329	3.5	31,069	3.3	32,940	3.6
Office	6,701	0.7	6,746	0.7	8,395	0.9	8,544	0.9	8,652	0.9

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

PSB Holdings, Inc.
Deposit Composition

Insured and Collateralized Deposits (dollars in thousands)	December 31, 2023		September 30, 2023		June 30, 2023		March 31, 2023		December 31, 2022	
	$	%	$	%	$	%	$	%	$	%
Non-interest bearing demand	$ 197,571	17.3%	$ 209,133	17.8%	$ 201,351	17.6%	$ 205,350	18.6%	$ 203,115	17.7%
Interest-bearing demand and savings	317,984	27.8%	307,620	26.3%	310,006	27.1%	329,364	29.7%	345,854	30.1%

Money market deposits	142,887	12.5%	135,910	11.6%	126,851	11.1%	128,576	11.6%	131,400	11.4%
Retail and local time deposits <= $250	149,145	13.1%	144,733	12.3%	140,572	12.3%	136,090	12.3%	130,205	11.3%
Total core deposits	807,587	70.7%	797,396	68.0%	778,780	68.1%	799,380	72.2%	810,574	70.5%
Retail and local time deposits > $250	23,000	2.0%	22,750	1.9%	20,250	1.8%	17,000	1.5%	14,500	1.3%
Broker & national time deposits <= $250	3,470	0.3%	3,222	0.3%	3,965	0.3%	5,953	0.5%	6,451	0.6%
Broker & national time deposits > $250	70,020	6.1%	88,614	7.6%	93,956	8.2%	74,485	6.8%	82,439	7.2%
Totals	$ 904,077	79.1%	$ 911,982	77.8%	$ 896,951	78.4%	$ 896,818	81.0%	$ 913,964	79.6%

PSB Holdings, Inc.
Deposit Composition

Uninsured Deposits (dollars in thousands)	December 31, 2023		September 30, 2023		June 30, 2023		March 31, 2023		December 31, 2022	
	$	%	$	%	$	%	$	%	$	%
Non-interest bearing demand	$ 69,258	6.1%	$ 79,632	6.8%	$ 80,802	7.1%	$ 62,486	5.6%	$ 89,223	7.7%
Interest-bearing demand and savings	20,316	1.8%	22,847	1.9%	22,604	2.0%	24,854	2.2%	49,917	4.3%
Money market deposits	124,518	10.9%	133,653	11.4%	127,871	11.2%	109,894	10.0%	84,673	7.4%
Retail and local time deposits <= $250	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total core deposits	214,092	18.8%	236,132	20.1%	231,277	20.3%	197,234	17.8%	223,813	19.4%
Retail and local time deposits > $250	23,633	2.1%	24,120	2.1%	14,906	1.3%	13,541	1.2%	10,978	1.0%
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	$ 237,725	20.9%	$ 260,252	22.2%	$ 246,183	21.6%	$ 210,775	19.0%	$ 234,791	20.4%

PSB Holdings, Inc.
Deposit Composition

Total Deposits (dollars in thousands)	December 31, 2023		September 30, 2023		June 30, 2023		March 31, 2023		December 31, 2022	
	$	%	$	%	$	%	$	%	$	%
Non-interest bearing demand	$ 266,829	23.4%	$ 288,765	24.7%	$ 282,153	24.7%	$ 267,836	24.2%	$ 292,338	25.4%
Interest-bearing demand and savings	338,300	29.6%	330,467	28.2%	332,610	29.1%	354,218	32.0%	395,771	34.5%
Money market deposits	267,405	23.4%	269,563	22.8%	254,722	22.3%	238,470	21.5%	216,073	18.8%
Retail and local time deposits <= $250	149,145	13.1%	144,738	12.4%	140,572	12.3%	136,090	12.3%	130,205	11.3%
Total core deposits	1,021,679	89.5%	1,033,533	88.1%	1,010,057	88.4%	996,614	90.0%	1,034,387	90.0%
Retail and local time deposits > $250	46,633	4.1%	46,870	4.0%	35,156	3.1%	30,541	2.8%	25,478	2.2%
Broker & national time deposits <= $250	3,470	0.3%	3,222	0.3%	3,965	0.3%	5,953	0.5%	6,451	0.6%
Broker & national time deposits > $250	70,020	6.1%	88,614	7.6%	93,956	8.2%	74,485	6.7%	82,439	7.2%
Totals	$ 1,141,802	100.0%	$ 1,172,239	100.0%	$ 1,143,134	100.0%	$ 1,107,593	100.0%	$ 1,148,755	100.0%

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

	Quarter ended December 31, 2023			Quarter ended September 30, 2023			Quarter ended December 31, 2022		
	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate
Assets									
Interest-earning assets:									
Loans (1)(2)	$1,094,152	$ 14,974	5.43%	$1,088,137	$ 14,337	5.23%	$ 957,926	$ 11,266	4.67%
Taxable securities	167,366	1,147	2.72%	173,287	1,114	2.55%	197,070	1,218	2.45%
Tax-exempt securities (2)	80,922	673	3.30%	81,327	675	3.29%	82,074	682	3.30%
FHLB stock	6,373	158	9.84%	6,368	127	7.91%	2,516	32	5.05%
Other	11,846	162	5.43%	8,195	111	5.37%	14,131	109	3.06%
Total (2)	1,360,659	17,114	4.99%	1,357,314	16,364	4.78%	1,253,717	13,307	4.21%
Non-interest-earning assets:									
Cash and due from banks	16,243			19,299			18,941		
Premises and equipment, net	13,243			13,266			13,123		
Cash surrender value ins	23,990			23,840			24,822		
Other assets	22,406			23,782			23,548		
Allowance for credit losses	(12,301)			(11,979)			(12,375)		
Total	$ 1,424,240			$ 1,425,522			$ 1,321,776		
Liabilities & stockholders' equity									
Interest-bearing liabilities:									
Savings and demand deposits	$ 327,036	$ 1,296	1.57%	$ 335,214	$ 1,198	1.42%	$ 376,075	$ 690	0.73%
Money market deposits	272,087	1,820	2.65%	255,823	1,489	2.31%	224,701	601	1.06%
Time deposits	273,332	2,410	3.50%	279,971	2,130	3.02%	241,290	769	1.26%
FHLB borrowings	133,560	1,349	4.01%	134,386	1,321	3.90%	35,522	167	1.87%
Other borrowings	6,999	54	3.06%	5,681	51	3.56%	11,307	38	1.33%
Senior sub. notes	4,773	59	4.90%	4,772	59	4.91%	4,522	55	4.83%
Junior sub. debentures	12,909	254	7.81%	12,883	255	7.85%	12,806	224	6.94%
Total	1,030,696	7,242	2.79%	1,028,730	6,503	2.51%	906,223	2,544	1.11%
Non-interest-bearing liabilities:									
Demand deposits	275,944			278,616			304,000		
Other liabilities	12,540			12,431			11,516		
Stockholders' equity	105,060			105,745			100,037		
Total	$ 1,424,240			$ 1,425,522			$ 1,321,776		
Net interest income		$ 9,872			$ 9,861			$ 10,763	
Rate spread			2.20%			2.27%			3.10%
Net yield on interest-earning assets			2.88%			2.88%			3.41%

(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)

	Year ended December 31, 2023			Year ended December 31, 2022		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets						
Interest-earning assets:						
Loans (1)(2)	$ 1,043,144	$ 53,824	5.16%	$ 927,720	$ 39,871	4.30%
Taxable securities	183,984	4,919	2.67%	204,630	3,817	1.87%
Tax-exempt securities (2)	81,481	2,705	3.32%	82,977	2,720	3.28%
FHLB stock	5,304	386	7.28%	2,597	114	4.39%
Other	9,073	465	5.13%	20,848	284	1.36%
Total (2)	1,322,986	62,299	4.71%	1,238,772	46,806	3.78%

Non-interest-earning assets:						
Cash and due from banks	17,110			18,772		
Premises and equipment, net	13,294			12,988		
Cash surrender value ins	24,331			24,591		
Other assets	23,136			20,896		
Allowance for credit losses	(12,079)			(12,347)		
Total	$	1,388,778		$	1,303,672	
Liabilities & stockholders' equity						
Interest-bearing liabilities:						
Savings and demand deposits	$ 344,906	$ 4,582	1.33%	$ 381,849	$ 1,251	0.33%
Money market deposits	249,079	5,328	2.14%	223,409	1,210	0.54%
Time deposits	261,595	7,083	2.71%	227,570	1,978	0.87%
FHLB borrowings	116,282	4,417	3.80%	49,784	779	1.56%
Other borrowings	7,061	215	3.04%	7,439	58	0.78%
Senior sub. notes	4,927	238	4.83%	3,010	139	4.62%
Junior sub. debentures	12,870	985	7.65%	12,768	771	6.04%
Total	996,720	22,848	2.29%	905,829	6,186	0.68%
Non-interest-bearing liabilities:						
Demand deposits	274,273			285,261		
Other liabilities	12,397			11,330		
Stockholders' equity	105,388			101,252		
Total	$	1,388,778		$	1,303,672	
Net interest income		$ 39,451			$ 40,620	
Rate spread			2.42%			3.10%
Net yield on interest-earning assets			2.98%			3.28%

(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.