NEWS RELEASE

PSB Holdings, Inc. Reports Record 2021 Earnings; 4th Quarter Earnings Total $3.1 Million, or $0.71 Per Share

2022-01-28

WAUSAU, Wis., Jan. 28, 2022 (GLOBE NEWSWIRE) -- PSB Holdings, Inc. (“PSB”) (OTCQX: PSBQ), the holding company for Peoples State Bank (“Peoples”) serving Northcentral and Southeastern Wisconsin, reported record earnings for the year ended December 31, 2021 of $12.8 million, or $2.88 per share, compared to $10.7 million, or $2.40 per share, for the year ended December 31, 2020. Fourth quarter earnings ending December 31, 2021 were $0.71 per share on net income of $3.1 million, compared to earnings of $0.82 per share on net income of $3.6 million, during the September 30, 2021 quarter, and $0.73 per share on net income of $3.3 million, during the fourth quarter a year ago.

The Company’s fourth quarter 2021 operating results reflected the following changes from the third quarter of 2021: (1) lower net interest income due to lower yields on loans and investment securities; (2) lower SBA Paycheck Protection Program (“PPP”) origination fee income accretion; and (3) an increase in compensation expense largely due to incentive benefit plans funded later in the year.

“We enjoyed strong organic and acquisition growth during 2021 driving both total assets and earnings to record highs. Earnings growth was driven by the addition of new earning assets, the recognition of PPP origination fee income and much lower provision for loan losses, which offset a decline in mortgage banking income and higher operating expenses related to the expanded asset base from the acquisition of Waukesha Bankshares, Inc. in April 2021. Our pipeline for new loan originations looks solid heading into the first quarter of 2022 and we are well positioned to benefit from expected increases in short-term interest rates as net interest margin moves higher,” stated Scott Cattanach, President and CEO.

December 31, 2021 Highlights:

- Net interest income was $9.2 million for the quarter ended December 31, 2021, compared to $9.6 million for the quarter ended September 30, 2021, and $8.4 million for the quarter ended December 31, 2020. PPP related fee income realized during the respective quarters was $287,000, $559,000 and $464,000.
- Loan loss provisions remained at zero for the quarter ended December 31, 2021, relative to the prior quarter and $675,000 for the quarter ended December 31, 2020.
- Noninterest expense increased $411,000 for the quarter ended December 31, 2021, to $7.4 million from $6.9 million the prior quarter. The increase primarily related to increased severance and incentive compensation plan expense from 2021 activities.
- Loan growth continued with new originations outpacing the payoff of PPP related loans. Loans receivable increased to $876 million at December 31, 2021, from $874 million one quarter earlier and $821 million at December 31, 2020. Meanwhile, PPP loans declined $9.5 million from $24.3 million at September 30, 2021, to $14.8 million at December 31, 2021.

As shown in the table below during the December 31, 2021 quarter, “impaired loans” increased $4.5 million and “substandard risk” loans decreased $6.0 million, while “watch risk” loans increased $3.9 million. The primary decrease in “substandard risk” loans and increase in “impaired loans” relates to an equipment dealer loan relationship that was downgraded during the quarter but continues to accrue interest as a performing loan.

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

Risk Rating		12/2019	12/2020	03/2021	06/2021	09/2021	12/2021
Rating 1	"High Quality"	$ -	$ -	$ -	$ -	$ 77	$ -
Rating 2	"Minimal Risk"	57,904	61,223	62,626	60,155	71,304	70,886
Rating 3	"Average Risk"	349,002	390,191	348,102	345,929	347,735	383,951
Rating 4	"Acceptable Risk"	128,932	175,400	209,407	209,728	226,501	222,641
Rating 5	"Watch Risk"	15,933	36,379	30,891	39,577	33,284	37,194
Rating 6	"Substandard Risk"	2,568	7,617	18,134	6,377	10,148	4,182
Rating 7	"Impaired Loans"	5,518	13,153	16,162	15,522	16,790	21,322
Totals		$ 559,857	$ 683,963	$ 685,322	$ 677,288	$ 705,839	$ 740,176

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

Balance Sheet and Asset Quality Review

Total assets remained at $1.30 billion at December 31, 2021. Cash and cash equivalents have continued to trend down, post acquisition of Waukesha Bankshares, Inc. in April, declining $12.0 million to $53.5 million from $65.5 million one quarter earlier. Meanwhile, securities available for sale increased $8.6 million to $310.4 million at December 31, 2021, from $301.9 million one quarter earlier. The increased balance of investment securities from cash and equivalents helped improve returns from the investment portfolio.

Total loans receivable increased by $1.8 million to $876.3 million at December 31, 2021, from $874.5 million at September 30, 2021. PPP loans declined from $24.3 million at September 30, 2021, to $14.8 million at December 31, 2021. At December 31, 2021, unrealized net PPP origination fee income totaled $360,000.

The allowance for loan losses increased to 1.38% of gross loans at December 31, 2021, from 1.35% the prior quarter and 1.30% of gross loans one year earlier. Annualized net charge-offs to average loans reflected a net recovery at 0.10% for the quarter ended December 31, 2021. Non-performing assets were 1.06% of total assets at December 31, 2021, compared to 1.16% at September 30, 2021, and 0.90% at December 30, 2020. At December 31, 2021, non-performing assets consisted of $6.4 million in non-accrual loans, $1.0 million in non-accrual restructured loans, $5.2 million in restructured loans not on non-accrual and $1.1 million in foreclosed assets.

Foreclosed assets decreased to $1.1 million at December 31, 2021, from $2.4 million at September 30, 2021, as several properties were sold at a gain. Foreclosed assets were $1.6 million at the beginning of the fiscal year.

Total deposits increased $22.2 million to $1.11 billion at December 31, 2021, compared to $1.08 billion at September 30, 2021. Deposits continued to be withdrawn from retail time deposits while demand deposit accounts increased. At December 31, 2021, interest-bearing demand and savings deposits accounted for 37.4% of total deposits, followed by noninterest-bearing demand deposits at 25.7%, money market deposits at 19.8%, and retail and local time deposits at 15.3%. Broker and national time deposits accounted for 1.7% of total deposits at December 31, 2021, versus 1.5% at December 31, 2020.

FHLB advances decreased to $47.0 million at December 31, 2021, from $62.0 million at September 30, 2021, and $62.0 million at December 31, 2020, while other borrowings decreased $10.5 million to $6.7 million compared to $17.1 million the prior period and $12.2 million at December 31, 2020.

Operations Review

Net interest income totaled $9.2 million (on a net margin of 3.01%) for the fourth quarter of 2021, compared to $9.6 million (on a net margin of 3.15%) for the third quarter of 2021, and $8.4 million (on a net margin of 3.22%) for the fourth quarter of 2020. Earning asset yields decreased 13 basis points from 3.41% to 3.28% during the fourth quarter of 2021, while deposit and borrowing costs increased 2 basis points on a smaller average balance to 0.39% from 0.37% over the same period. The decrease in earning asset yields was partially due to lower net accretion of loan fees of $287,000 related to PPP loans that were repaid compared to net accretion of $559,000 during the September 30, 2021 quarter. Additionally, a large balance of lower yielding investment securities contributed to the decrease in earning asset yields. Taxable security yields decreased from 1.18% in the quarter ended September 30, 2021, to 1.17% for the quarter ended December 31, 2021. Loan yields decreased to 4.02% during the quarter from 4.23% during the third quarter of 2021. Loan yields excluding the impacts of PPP loan origination fee income, were

3.89% and 3.98% during the December 31, 2021 and September 30, 2021 quarters respectively. Net interest margin excluding the impacts of PPP loan origination fee income, was 2.91% and 2.97% in the December 31, 2021 and September 30, 2021 quarters, respectively. Recognition of PPP loan fee income is expected to decline for first quarter 2022 as fewer PPP loans remain outstanding.

The cost of interest-bearing liabilities increased during the quarter, largely reflecting slightly higher rates associated with time deposits. The cost of deposits was 0.17% for the quarter ended December 31, 2021, compared to 0.15% the prior quarter. Interest costs on borrowings declined $32,000 for the fourth quarter of 2021 as $15.0 million of FHLB advances were repaid.

Total noninterest income increased slightly for the fourth quarter of 2021 to $2.2 million from $2.1 million for the third quarter of 2021, due in part to higher investment and insurance sales commissions which increased from $426,000 in the third quarter to $500,000 in the fourth quarter. At December 31, 2021, the bank had wealth assets under management totaling $321.2 million compared to $301.6 million at September 30, 2021. Gains on sale of mortgage loans decreased slightly to $451,000 for the fourth quarter from $494,000 in the third quarter of 2021, due primarily to lower spreads on sale of loans to the secondary market.

Deposit and service fee income in the fourth quarter remained near the prior quarter levels at $382,000 for the three months ended December 31, 2021, compared to $379,000 for the prior three-month period. For the fourth quarter ended December 31, 2021, other noninterest income was $646,000 compared to $563,000 the prior quarter.

Noninterest expense increased to $7.4 million for the fourth quarter of 2021, compared to $6.9 million for the third quarter of 2021. The fourth quarter of 2021 included increased salaries and employee benefit expenses related to severance expense and higher performance-based incentive expenses. Salary and employee benefit expenses were $4.7 million for the fourth quarter of 2021 compared to $4.1 million in the third quarter of 2021. These expenses were partially offset by gains of $347,000 realized on the sale of two foreclosed real estate properties in the fourth quarter.

Data processing and other office operations costs increased slightly to $855,000 for the quarter ended December 31, 2021, from $828,000 the previous quarter. Meanwhile, advertising and promotion expenses decreased slightly to $155,000 for the most recent quarter compared to $199,000 last quarter. Other noninterest expenses increased to $1.3 million for the fourth quarter ended December 31, 2021, from $1.2 million the previous quarter.

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

	Quarter ended				
Earnings and dividends:	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Interest income	$ 10,085	$ 10,449	$ 11,070	$ 10,482	$ 9,442
Interest expense	$ 866	$ 826	$ 907	$ 886	$ 1,011
Net interest income	$ 9,219	$ 9,623	$ 10,163	$ 9,596	$ 8,431
Provision for loan losses	$ -	$ -	$ -	$ 1,000	$ 675
Other noninterest income	$ 2,244	$ 2,126	$ 2,299	$ 2,749	$ 2,991
Other noninterest expense	$ 7,357	$ 6,946	$ 9,607	$ 6,200	$ 6,461
Net income	$ 3,146	$ 3,638	$ 2,137	$ 3,896	$ 3,252
Basic earnings per share (3)	$ 0.71	$ 0.82	$ 0.48	$ 0.88	$ 0.73
Diluted earnings per share (3)	$ 0.71	$ 0.82	$ 0.48	$ 0.87	$ 0.73
Dividends declared per share (3)	$ 0.23	$ -	$ 0.23	$ -	$ 0.21
Tangible net book value per share (4)	$ 24.36	$ 24.07	$ 23.53	$ 23.69	$ 23.43
Semi-annual dividend payout ratio	15.05%	n/a	17.04%	n/a	15.88%
Average common shares outstanding	4,445,465	4,450,755	4,454,922	4,454,334	4,452,287
Balance sheet - average balances:					

Loans receivable, net of allowances for loss	$ 870,151	$ 862,555	$ 891,886	$ 827,595	$ 807,182
Assets	$ 1,295,780	$ 1,292,369	$ 1,251,738	$ 1,132,905	$ 1,100,064
Deposits	$ 1,092,872	$ 1,064,553	$ 1,023,229	$ 925,689	$ 896,427
Stockholders' equity	$ 112,089	$ 110,388	$ 105,932	$ 105,868	$ 102,790
Performance ratios:					
Return on average assets (1)	0.96%	1.12%	0.68%	1.39%	1.18%
Return on average stockholders' equity (1)	11.14%	13.08%	8.09%	14.92%	12.59%
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets	8.57%	8.39%	8.27%	9.10%	9.00%
Net loan charge-offs to average loans (1)	-0.10%	-0.08%	0.00%	0.01%	0.16%
Nonperforming loans to gross loans	1.42%	1.43%	1.31%	1.39%	1.03%
Nonperforming assets to total assets	1.06%	1.16%	1.07%	1.13%	0.90%
Allowance for loan losses to gross loans	1.38%	1.35%	1.35%	1.40%	1.30%
Nonperforming assets to tangible equity plus the allowance for loan losses (4)	11.58%	12.87%	11.71%	11.06%	8.96%
Net interest rate margin (1)(2)	3.01%	3.15%	3.48%	3.62%	3.22%
Net interest rate spread (1)(2)	2.89%	3.04%	3.37%	3.49%	3.07%
Service fee revenue as a percent of average demand deposits (1)	0.52%	0.53%	0.51%	0.57%	0.59%
Noninterest income as a percent of gross revenue	18.20%	16.91%	17.20%	20.78%	24.06%
Efficiency ratio (2)	63.37%	58.40%	76.20%	49.64%	55.87%
Noninterest expenses to average assets (1)	2.25%	2.13%	3.08%	2.22%	2.34%
Tangible equity to tangible assets	8.35%	8.27%	8.38%	9.32%	9.22%
Stock price information:					
High	$ 27.00	$ 26.50	$ 26.50	$ 25.94	$ 23.00
Low	$ 24.60	$ 24.52	$ 25.00	$ 20.45	$ 17.20
Last trade value at quarter-end	$ 26.05	$ 24.95	$ 26.25	$ 25.25	$ 20.57

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

PSB Holdings, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Quarter Ended Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Interest and dividend income:					
Loans, including fees	$ 8,918	$ 9,323	$ 9,972	$ 9,442	$ 8,371
Securities:					
Taxable	631	581	553	507	542
Tax-exempt	505	500	505	502	489
Other interest and dividends	31	45	40	31	40
Total interest and dividend income	10,085	10,449	11,070	10,482	9,442
Interest expense:					
Deposits	476	404	485	547	657
FHLB advances	192	220	221	215	228
Other borrowings	4	9	8	7	6
Senior subordinated notes	29	28	28	28	29
Junior subordinated debentures	165	165	165	89	91
Total interest expense	866	826	907	886	1,011
Net interest income	9,219	9,623	10,163	9,596	8,431
Provision for loan losses	-	-	-	1,000	675
Net interest income after provision for loan losses	9,219	9,623	10,163	8,596	7,756
Noninterest income:					
Service fees	382	379	347	332	352
Gain on sale of mortgage loans	451	494	663	1,152	1,401
Mortgage loan servicing, net	114	111	9	79	104

Investment and insurance sales commissions	500	426	465	595	391
Net gain on sale of securities	-	-	113	21	149
Increase in cash surrender value of life insurance	151	153	148	108	106
Other noninterest income	646	563	554	462	488
Total noninterest income	2,244	2,126	2,299	2,749	2,991
Noninterest expense:					
Salaries and employee benefits	4,669	4,099	3,915	3,460	4,084
Occupancy and facilities	596	614	647	569	511
Loss (gain) on foreclosed assets	(347)	28	23	130	(218)
Data processing and other office operations	855	828	1,499	694	568
Advertising and promotion	155	199	322	79	172
FDIC insurance premiums	116	121	58	83	82
Other noninterest expenses	1,313	1,057	3,143	1,185	1,262
Total noninterest expense	7,357	6,946	9,607	6,200	6,461
Income before provision for income taxes	4,106	4,803	2,855	5,145	4,286
Provision for income taxes	960	1,165	718	1,249	1,034
Net income	$ 3,146	$ 3,638	$ 2,137	$ 3,896	$ 3,252
Basic earnings per share	$ 0.71	$ 0.82	$ 0.48	$ 0.88	$ 0.73
Diluted earnings per share	$ 0.71	$ 0.82	$ 0.48	$ 0.87	$ 0.73

PSB Holdings, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Three Months Ended December 2021	2020	Year Ended December 2021	2020
Interest and dividend income:				
Loans, including fees	$ 8,918	$ 8,371	$ 37,655	$ 33,059
Securities:				
Taxable	631	542	2,272	2,461
Tax-exempt	505	489	2,012	1,840
Other interest and dividends	31	40	147	254
Total interest and dividend income	10,085	9,442	42,086	37,614
Interest expense:				
Deposits	476	657	1,912	4,052
FHLB advances	192	228	848	1,175
Other borrowings	4	6	28	31
Senior subordinated notes	29	29	113	113
Junior subordinated debentures	165	91	584	364
Total interest expense	866	1,011	3,485	5,735
Net interest income	9,219	8,431	38,601	31,879
Provision for loan losses	-	675	1,000	5,575
Net interest income after provision for loan losses	9,219	7,756	37,601	26,304
Noninterest income:				
Service fees	382	352	1,440	1,365
Gain on sale of mortgage loans	451	1,401	2,760	5,887
Mortgage loan servicing, net	114	104	313	(163)
Investment and insurance sales commissions	500	391	1,986	1,300
Net gain on sale of securities	-	149	134	504
Increase in cash surrender value of life insurance	151	106	560	422
Other noninterest income	646	488	2,225	2,098
Total noninterest income	2,244	2,991	9,418	11,413
Noninterest expense:				
Salaries and employee benefits	4,669	4,084	16,143	14,012
Occupancy and facilities	596	511	2,426	2,129
Loss (gain) on foreclosed assets	(347)	(218)	(166)	(88)
Data processing and other office operations	855	568	3,876	2,630

Advertising and promotion	155	172	755	484
FDIC insurance premiums	116	82	378	192
Other noninterest expenses	1,313	1,262	6,698	4,385
Total noninterest expense	7,357	6,461	30,110	23,744
Income before provision for income taxes	4,106	4,286	16,909	13,973
Provision for income taxes	960	1,034	4,092	3,284
Net income	$ 3,146	$ 3,252	$ 12,817	$ 10,689
Basic earnings per share	$ 0.71	$ 0.73	$ 2.88	$ 2.40
Diluted earnings per share	$ 0.71	$ 0.73	$ 2.88	$ 2.40

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

(dollars in thousands, except per share data)	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Assets					
Cash and due from banks	$ 16,896	$ 20,813	$ 18,589	$ 12,921	$ 15,723
Interest-bearing deposits	6,579	1,044	906	985	1,056
Federal funds sold	30,068	43,637	52,643	16,027	21,749
Cash and cash equivalents	53,543	65,494	72,138	29,933	38,528
Securities available for sale (at fair value)	310,445	301,853	261,685	227,824	228,296
Bank certificates of deposit (at cost)	245	245	245	1,231	1,231
Loans held for sale	3,061	214	1,756	622	954
Loans receivable, net	876,337	874,524	863,254	829,964	820,956
Accrued interest receivable	3,256	3,273	3,299	3,335	3,527
Foreclosed assets	1,103	2,398	1,984	1,105	1,619
Premises and equipment, net	12,695	12,725	13,241	11,077	10,920
Mortgage servicing rights, net	1,714	1,702	1,696	1,732	1,657
Federal Home Loan Bank stock (at cost)	2,646	2,646	2,646	2,283	2,283
Cash surrender value of bank-owned life insurance	24,305	24,154	24,001	17,902	17,795
Core deposit intangible	534	581	629	-	2
Goodwill	2,541	2,541	2,541	113	113
Other assets	6,286	5,313	5,523	5,102	4,074
TOTAL ASSETS	$ 1,298,711	$ 1,297,663	$ 1,254,638	$ 1,132,223	$ 1,131,955
Liabilities					
Non-interest-bearing deposits	$ 284,477	$ 291,440	$ 273,181	$ 242,974	$ 236,981
Interest-bearing deposits	820,763	791,601	758,445	682,877	695,156
Total deposits	1,105,240	1,083,041	1,031,626	925,851	932,137
Federal Home Loan Bank advances	47,000	62,000	67,000	62,000	62,000
Other borrowings	6,677	17,129	21,757	18,582	12,239
Senior subordinated notes	2,500	2,500	2,500	2,500	2,500
Junior subordinated debentures	12,717	12,691	12,666	7,732	7,732
Accrued expenses and other liabilities	13,315	10,143	11,103	9,918	10,920
Total liabilities	1,187,449	1,187,504	1,146,652	1,026,583	1,027,528
Stockholders' equity					
Preferred stock - no par value:					
Authorized - 30,000 shares; no shares issued or outstanding	-	-	-	-	-
Common stock - no par value with a stated value of $1.00 per share:					
Authorized - 6,000,000 shares; Issued - 5,490,798 shares					
Outstanding - 4,440,329, 4,447,026, 4,454,922, 4,454,922 and 4,452,287 shares, respectively	1,830	1,830	1,830	1,830	1,830
Additional paid-in capital	8,059	8,003	7,946	7,890	7,818
Retained earnings	114,627	112,502	108,863	107,751	103,855
Accumulated other comprehensive income (loss), net of tax	628	1,530	2,869	1,691	4,458
Treasury stock, at cost - 1,050,469, 1,043,772, 1,035,876, 1,035,876 and 1,038,511 shares, respectively	(13,882)	(13,706)	(13,522)	(13,522)	(13,534)

Total stockholders' equity	111,262	110,159	107,986	105,640	104,427
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,298,711	$ 1,297,663	$ 1,254,638	$ 1,132,223	$ 1,131,955

PSB Holdings, Inc.
Consolidated Statements of Comprehensive Income

(dollars in thousands - unaudited)	Three Months Ended December 31, 2021	2020	Year Ended December 31, 2021	2020
Net income	$ 3,146	$ 3,252	$ 12,817	$ 10,689
Other comprehensive income, net of tax:				
Unrealized gain (loss) on securities available for sale	(973)	641	(3,927)	3,577
Reclassification adjustment for security gain included in net income	-	(108)	(97)	(366)
Unrealized gain (loss) on interest rate swap	31	135	154	(181)
Reclassification adjustment of interest rate swap settlements included in earnings	40	38	40	126
Other comprehensive income (loss)	(902)	706	(3,830)	3,156
Comprehensive income	$ 2,244	$ 3,958	$ 8,987	$ 13,845

PSB Holding, Inc.
Loan Composition by Purpose

Quarter-ended (dollars in thousands)	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
Residential real estate:					
One to four family	$ 168,584	$ 166,728	$ 169,456	$ 136,242	$ 125,530
HELOC loans	17,198	18,011	18,263	16,908	18,312
Residential construction & development	23,093	25,162	24,385	25,628	25,519
Residential vacant land	1,763	6,629	2,172	2,524	3,305
Total Residential real estate	210,638	216,530	214,276	181,302	172,666
Commercial/Agricultural real estate:					
Owner occupied					
Commercial real estate	202,416	203,509	202,767	194,514	187,059
SBA commercial real estate	1,568	1,140	1,164	1,445	1,483
Agriculture real estate	3,716	4,046	4,188	4,787	4,429
Construction and land development	22,380	17,705	6,460	4,121	5,468
Commercial vacant land	3,529	3,572	6,490	2,998	2,835
Total Owner occupied	233,609	229,972	221,069	207,865	198,439
Non-owner occupied					

Commercial real estate	211,688	212,868	196,011	183,365	173,953
One to four family residential rental	52,437	49,542	47,097	31,914	31,363
SBA commercial real estate	1,010	682	703	718	749
Agricultural real estate	-	-	-	-	-
Construction and land development	25,899	29,618	30,057	31,362	29,846
Commercial vacant land	4,534	4,851	5,203	7,970	8,402
Total Non-owner occupied	295,568	297,561	279,071	255,329	244,313
Commercial/Agricultural non-real estate:					
Municipal non-real estate	11,858	7,623	7,014	7,165	11,422
Commercial line	52,151	47,646	45,386	46,833	41,619
Other commercial non-real estate	61,115	54,481	55,002	49,246	52,723
SBA commercial non-real estate	17,527	25,933	47,245	89,603	103,871
Agricultural non-real estate	1,130	1,325	1,656	1,730	1,986
Total Commercial/Agr. non-real estate	143,781	137,008	156,303	194,577	211,621
Consumer non-real estate:					
Consumer installment	4,054	4,369	4,399	3,191	3,400
Consumer line	480	477	436	498	353
Other consumer	117	125	130	123	143
Total Consumer non-real estate	4,651	4,971	4,965	3,812	3,896
Gross loans	888,247	886,042	875,684	842,885	833,770
Net deferred loan costs (fees)	107	(167)	(738)	(1,627)	(2,140)
Overdrafts	205	654	134	528	161
Allowance for loan losses	(12,222)	(12,005)	(11,826)	(11,822)	(10,835)
Total loans receivable	$ 876,337	$ 874,524	$ 863,254	$ 829,964	$ 820,956

PSB Holdings, Inc.
Nonperforming Assets as of:

(dollars in thousands)	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
Nonaccrual loans (excluding restructured loans)	$ 6,425	$ 6,018	$ 5,208	$ 5,346	$ 2,071
Nonaccrual restructured loans	1,000	1,526	1,062	1,090	1,064
Restructured loans not on nonaccrual	5,213	5,159	5,205	5,242	5,414
Accruing loans past due 90 days or more	-	-	-	-	-
Total nonperforming loans	12,638	12,703	11,475	11,678	8,549
Other real estate owned	1,103	2,398	1,984	1,105	1,619
Total nonperforming assets	$ 13,741	$ 15,101	$ 13,459	$ 12,783	$ 10,168
Nonperforming loans as a % of gross loans receivable	1.42%	1.43%	1.31%	1.39%	1.03%
Total nonperforming assets as a % of total assets	1.06%	1.16%	1.07%	1.13%	0.90%
Allowance for loan losses as a % of nonperforming loans	96.71%	94.51%	103.06%	101.23%	126.74%

PSB Holdings, Inc.
Nonperforming Assets >= $500,000 net book value before specific reserves
At December 31, 2021
(dollars in thousands)

Collateral Description	Asset Type	Gross Principal	Specific Reserves
Real estate - Hotel	Restructured	$ 4,744	$ 76
Real estate - Buffet Style Restaurant	Nonaccrual	3,200	1,077
Real estate - Hotel	Nonaccrual	941	153
Real estate - Buffet Style Restaurant	Restructured/Nonaccrual	819	21
Total listed nonperforming assets		$ 9,704	$ 1,327
Total bank wide nonperforming assets		$ 13,741	$ 1,582
Listed assets as a % of total nonperforming assets		71%	84%

Largest Performing, but Impaired Loans at December 31, 2021 ($000s)

Collateral Description	Asset Type	Gross Principal	Specific Reserves
Real estate - Equipment dealer	Impaired	$ 4,677	$ 285
Real estate - Hotel	Impaired	3,809	352
Total listed performing, but impaired loans		$ 8,486	$ 637
Total performing, but impaired loans		$ 10,274	$ 932
Listed assets as a % of total performing, but impaired loans		83%	68%

PSB Holdings, Inc.
Deposit Composition

(dollars in thousands)	December 31, 2021		September 30, 2021		December 31, 2020	
	$	%	$	%	$	%
Non-interest bearing demand	$ 284,477	25.7%	$ 291,440	26.9%	$ 236,981	25.4%
Interest-bearing demand and savings	413,522	37.4%	388,725	35.9%	332,677	35.7%
Money market deposits	219,145	19.8%	215,772	19.9%	222,156	23.8%
Retail and local time deposits <= $250	140,443	12.8%	142,439	13.2%	103,064	11.1%
Total core deposits	1,057,587	95.7%	1,038,376	95.9%	894,878	96.0%
Retail and local time deposits > $250	28,659	2.6%	24,824	2.3%	23,112	2.5%
Broker & national time deposits <= $250	7,793	0.7%	8,640	0.8%	12,153	1.3%
Broker & national time deposits > $250	11,201	1.0%	11,201	1.0%	1,994	0.2%
Totals	$ 1,105,240	100.0%	$ 1,083,041	100.0%	$ 932,137	100.0%

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

	Quarter ended December 31, 2021			Quarter ended September 30, 2021			Quarter ended December 31, 2020		
	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate
Assets									
Interest-earning assets:									
Loans (1)(2)	$ 882,157	$ 8,930	4.02%	$ 874,429	$ 9,334	4.23%	$ 817,875	$ 8,383	4.08%
Taxable securities	214,626	631	1.17%	195,160	581	1.18%	129,832	542	1.66%
Tax-exempt securities (2)	83,518	639	3.04%	84,241	633	2.98%	80,619	619	3.05%
FHLB stock	2,646	18	2.70%	2,646	27	4.05%	2,283	27	4.70%
Other	53,098	13	0.10%	75,119	18	0.10%	27,336	13	0.19%

Total (2)	1,236,045	10,231	3.28%	1,231,595	10,593	3.41%	1,057,945	9,584	3.60%
Non-interest-earning assets:									
Cash and due from banks	19,967			20,310			14,011		
Premises and equipment, net	12,699			12,962			11,023		
Cash surrender value ins	24,216			24,059			17,206		
Other assets	14,859			15,317			10,572		
Allowance for loan losses	(12,006)			(11,874)			(10,693)		
Total	$ 1,295,780			$ 1,292,369			$ 1,100,064		
Liabilities & stockholders' equity									
Interest-bearing liabilities:									
Savings and demand deposits	$ 388,549	$ 76	0.08%	$ 383,136	$ 73	0.08%	$ 298,696	$ 65	0.09%
Money market deposits	222,399	93	0.17%	213,584	90	0.17%	218,455	128	0.23%
Time deposits	188,301	307	0.65%	185,502	241	0.52%	143,714	464	1.28%
FHLB borrowings	52,705	192	1.45%	66,239	220	1.32%	64,283	228	1.41%
Other borrowings	11,585	4	0.14%	24,993	9	0.14%	16,638	6	0.14%
Senior sub. notes	2,500	29	4.60%	2,500	28	4.44%	2,500	29	4.61%
Junior sub. debentures	12,704	165	5.15%	12,679	165	5.16%	7,732	91	4.68%
Total	878,743	866	0.39%	888,633	826	0.37%	752,018	1,011	0.53%
Non-interest-bearing liabilities:									
Demand deposits	293,623			282,331			235,562		
Other liabilities	11,325			11,017			9,694		
Stockholders' equity	112,089			110,388			102,790		
Total	$ 1,295,780			$ 1,292,369			$ 1,100,064		
Net interest income		$ 9,365			$ 9,767			$ 8,573	
Rate spread			2.89%			3.04%			3.07%
Net yield on interest-earning assets			3.01%			3.15%			3.22%

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

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

	Year ended December 31, 2021			Year ended December 31, 2020		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets						
Interest-earning assets:						
Loans (1)(2)	$ 875,571	$ 37,702	4.31%	$ 784,126	$ 33,111	4.22%
Taxable securities	176,816	2,272	1.28%	112,200	2,461	2.19%
Tax-exempt securities (2)	84,141	2,547	3.03%	73,490	2,329	3.17%
FHLB stock	2,551	89	3.49%	2,243	106	4.73%
Other	48,616	58	0.12%	43,593	148	0.34%
Total (2)	1,187,695	42,668	3.59%	1,015,652	38,155	3.76%
Non-interest-earning assets:						
Cash and due from banks	20,003			12,592		
Premises and equipment, net	12,625			11,013		
Cash surrender value ins	22,527			16,990		
Other assets	14,184			10,484		
Allowance for loan losses	(11,767)			(8,990)		
Total	$ 1,245,267			$ 1,057,741		
Liabilities & stockholders' equity						
Interest-bearing liabilities:						
Savings and demand						

deposits	$ 364,602	$ 279	0.08%	$ 277,014	$ 594	0.21%
Money market deposits	216,888	397	0.18%	202,666	860	0.42%
Time deposits	174,001	1,236	0.71%	158,030	2,598	1.64%
FHLB borrowings	63,180	848	1.34%	80,462	1,175	1.46%
Other borrowings	20,259	28	0.14%	9,602	31	0.32%
Senior sub. notes	2,500	113	4.52%	2,500	113	4.52%
Junior sub. debentures	10,708	584	5.45%	7,732	364	4.71%
Total	852,138	3,485	0.41%	738,006	5,735	0.78%
Non-interest-bearing liabilities:						
Demand deposits	271,866			211,155		
Other liabilities	11,032			9,925		
Stockholders' equity	110,231			98,655		
Total	$ 1,245,267			$ 1,057,741		
Net interest income		$ 39,183			$ 32,420	
Rate spread			3.18%			2.98%
Net yield on interest-earning assets			3.30%			3.19%

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

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Source: PSB Holdings, Inc.