NEWS RELEASE

PSB Holdings, Inc. Reports Second Quarter 2022 Earnings of $3.2 Million, or $0.72 Per Share; Loans Expand 5.7% in Quarter

2022-07-25

WAUSAU, Wis., July 25, 2022 (GLOBE NEWSWIRE) -- PSB Holdings, Inc. (“PSB”) (OTCQX: PSBQ), the holding company for Peoples State Bank (“Peoples”) serving Northcentral and Southeastern Wisconsin reported second quarter earnings ending June 30, 2022 of $0.72 per share on net income of $3.2 million, compared to earnings of $0.75 per share on net income of $3.3 million during the first quarter ending March 31, 2022, and $0.48 per share on net income of $2.1 million during the second quarter ending June 30, 2021. Prior year June 2021 quarterly net income was reduced $2.0 million by costs related to the acquisition of Sunset Bank & Savings, Waukesha, Wisconsin.

The Company’s second quarter 2022 operating results reflected the following changes from the first quarter of 2022: (1) higher net interest income due to increased allocation to higher yielding loans with stable net interest margin; (2) higher salary and employee benefit expenses; and (3) lower noninterest income primarily due to lower gains on the sale of mortgage loans. Loans grew 5.7% during the quarter ending June 30, 2022, reflecting increased seasonal lending demand and construction project draws with increased commercial customer line of credit usage and commercial real estate loan originations.

“During 2022, we expect to see continued net interest income growth from both recent loan demand and incrementally improving net interest margin. Our lending teams have done an excellent job growing the loan portfolio with a combination of existing customers as well as new customers being brought into the Bank. Additionally, credit quality continues to improve, and operating expenses are expected to remain well-controlled. We believe we will be able to continue to deliver above average returns on tangible equity through the remainder of 2022,” stated Scott Cattanach, President and CEO.

June 30, 2022 Highlights:

- Net interest income increased to $9.7 million for the quarter ended June 30, 2022, compared to $9.6 million for the quarter ended March 31, 2022, and less than the $10.2 million for the quarter ended June 30, 2021. PPP loan fee accretion of $41,000, $313,000, and $1.0 million was recognized during the quarters ended June 30, 2022, March 31, 2022, and June 30, 2021, respectively.

- Noninterest income declined slightly to $1.9 million for the quarter ended June 30, 2022, from $2.0 million the previous quarter. The decline largely reflected a decline in the gain on sale of mortgage loans due to slower refinance origination activity in the rising interest rate environment.

- Noninterest expense increased $259,000 for the second quarter of 2022, to $7.5 million from $7.2 million the prior quarter. The increase primarily related to increased salary and benefit costs associated with higher health benefit claims.

- Loans receivable increased $50 million, or 5.7%, to $925 million at June 30, 2022 from $876 million one quarter earlier. At June 30, 2022, there were $1.0 million of PPP related loans yet outstanding. No loss losses provisions have yet been made during 2022.

- Tangible book value declined to $21.10 per share at June 30, 2022, due primarily to the recording of unrealized losses on securities available for sale driven by actions taken by the Federal Reserve to increase short-term interest rates and market expectations of future rate increases.

Balance Sheet and Asset Quality Review

Total assets increased to $1.31 billion at June 30, 2022, from $1.27 billion at March 31, 2022. Cash and cash equivalents increased to $39.4 million from $37.8 million one quarter earlier. Investment securities decreased $11.0 million to $278.7 million at June 30, 2022 from $289.7 million one quarter earlier. The decreased balance of investment securities reflects their lower fair value in today's rising rate market and the use of available security liquidity to fund loan originations. At the beginning of the second quarter, the balance of the entire municipal investment portfolio was reclassified as held to maturity. It is expected the reclassification will limit future tangible book value impacts from changes in fair value of securities.

Total loans receivable increased to $925.3 million at June 30, 2022, from $875.6 million at March 31, 2022. Origination activity was robust during the quarter as seasonal loans increased during the warmer months. In addition to construction loan and commercial lines of credit draws during the quarter, loan growth reflected strong commercial real estate lending originations. PPP loans declined from $3.2 million at March 31, 2022, to $1.0 million at June 30, 2022. Heading into the third quarter, loan growth is expected to slow from the robust year to date pace and return toward historical levels with lower customer demand as economic uncertainty increases.

The allowance for loan losses decreased to 1.32% of gross loans at June 30, 2022, from 1.39% the prior quarter and 1.35% of gross loans one year earlier. Annualized net charge-offs to average loans reflected a net recovery at 0.02% for the quarter ended June 30, 2022. Non-performing assets declined to 0.88% of total assets at June 30, 2022, compared to 1.03% at March 31, 2022, and 1.07% at June 30, 2021. At June 30, 2022, non-performing assets consisted of $6.0 million in non-accrual loans, $146,000 in non-accrual restructured loans, $5.1 million in restructured loans not on non-accrual and $160,000 in foreclosed assets. A former branch location and other real estate owned related to the Sunset Bank acquisition were sold during the June 2022 quarter, reducing foreclosed assets.

Total deposits increased $24.1 million to $1.11 billion at June 30, 2022, compared to $1.09 billion at March 31, 2022, led by growth in non-interest bearing demand, money market and jumbo brokered deposits. At June 30, 2022, interest-bearing demand and savings deposits accounted for 33.8% of total deposits, followed by noninterest-bearing demand deposits at 25.5%, money market deposits at 20.4%, and retail and local time deposits at 14.5%. Broker and national time deposits accounted for 5.8% of total deposits at June 30, 2022, versus 4.1% at March 31, 2022. Brokered deposits have increased to support loan growth and to replace largely seasonal local deposit contraction.

FHLB advances increased to $67.0 million at June 30, 2022, compared to $47.0 million at March 31, 2022, while other borrowings increased to $4.6 million at June 30, 2022, compared to $4.3 million at March 31, 2022.

Operations Review

Net interest income increased to $9.7 million (on a net margin of 3.23%) for the second quarter of 2022, compared to $9.6 million (on a net margin of 3.24%) for the first quarter of 2022, and $10.2 million (on a net margin of 3.48%) for the second quarter of 2021. Earning asset yields increased 6 basis points to 3.57% during the second quarter of 2022, from 3.51% during the first quarter of 2022, while deposit and borrowing costs increased 9 basis points to 0.46% compared to 0.37% during the first quarter of 2022.

The increase in earning asset yields was due to higher yields on investment securities during the quarter ended June 30, 2022. Taxable security yields increased to 1.68% for the quarter ended June 30, 2022, from 1.42% in the quarter ended March 31, 2022. Loan yields decreased to 4.07% for the second quarter of 2022, from 4.12% for the first quarter of 2022. However, excluding SBA PPP loan origination income, loan yields were 4.05% in June 2022 compared to 3.98% in March 2022. Interest-bearing liabilities increased during the quarter from modest increases in core deposits along with greater use of brokered deposits at current market rates. Along with a further increase in asset yields, cost of deposits is expected to increase during 2022 as short-term market rates move higher.

Total noninterest income decreased for the second quarter of 2022, to $1.9 million from $2.0 million for the first quarter of 2022, due primarily to a decrease from gains on sale of mortgage loans. While mortgage loan originations have been negatively influenced by the rise in interest rates with less mortgage refinancing activity, mortgage loan servicing income has increased over the past year due in part to greater aggregate income association with the longer than previously expected servicing life. At June 30, 2022, the bank was servicing $391 million in secondary market mortgage loans for others.

Noninterest expense increased to $7.5 million for the second quarter of 2022, compared to $7.2 million for the first quarter of 2022. The second quarter of 2022 included increased salaries and employee benefit expenses related to higher health care benefit plan claims. Salary and employee benefit expenses were $4.5 million for the second quarter of 2022, compared to $4.4 million for the first 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
June 30, and March 31, 2022, September 30, and June 30, 2021, unaudited, December 31, 2021 derived from audited financial statements

(dollars in thousands, except per share data)	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021
Assets					
Cash and due from banks	$ 19,149	$ 18,322	$ 16,896	$ 20,813	$ 18,589
Interest-bearing deposits	3,545	5,158	6,579	1,044	906
Federal funds sold	16,689	14,356	30,068	43,637	52,643
Cash and cash equivalents	39,383	37,836	53,543	65,494	72,138
Securities available for sale (at fair value)	190,478	289,704	308,744	300,192	260,062
Securities held to maturity (fair values of $82,567, $0, $0, $0 and $0 respectively	88,216	-	-	-	-
Equity securities	1,781	1,720	1,701	1,661	1,623
Bank certificates of deposit (at cost)	245	245	245	245	245
Loans held for sale	270	-	3,061	214	1,756
Loans receivable, net	925,260	875,588	876,337	874,524	863,254
Accrued interest receivable	3,285	3,219	3,256	3,273	3,299
Foreclosed assets	160	1,103	1,103	2,398	1,984
Premises and equipment, net	12,981	12,906	12,695	12,725	13,241
Mortgage servicing rights, net	1,711	1,770	1,714	1,702	1,696
Federal Home Loan Bank stock (at cost)	2,646	2,646	2,646	2,646	2,646
Cash surrender value of bank-owned life insurance	24,608	24,455	24,305	24,154	24,001
Core deposit intangible	449	487	534	581	629
Goodwill	2,541	2,541	2,541	2,541	2,541
Other assets	13,550	11,725	6,286	5,313	5,523
TOTAL ASSETS	$ 1,307,564	$ 1,265,945	$ 1,298,711	$ 1,297,663	$ 1,254,638
Liabilities					
Non-interest-bearing deposits	$ 283,592	$ 272,611	$ 284,477	$ 291,440	$ 273,181
Interest-bearing deposits	829,867	816,794	820,763	791,601	758,445
Total deposits	1,113,459	1,089,405	1,105,240	1,083,041	1,031,626
Federal Home Loan Bank advances	67,000	47,000	47,000	62,000	67,000
Other borrowings	4,601	4,304	6,677	17,129	21,757
Senior subordinated notes	2,500	2,500	2,500	2,500	2,500
Junior subordinated debentures	12,768	12,742	12,717	12,691	12,666
Accrued expenses and other liabilities	10,938	10,208	13,315	10,143	11,103
Total liabilities	1,211,266	1,166,159	1,187,449	1,187,504	1,146,652
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 - 4,423,037, 4,434,840, 4,440,329, 4,447,026 and 4,454,922 shares, respectively	1,830	1,830	1,830	1,830	1,830
Additional paid-in capital	8,238	8,183	8,059	8,003	7,946
Retained earnings	120,043	117,957	114,627	112,502	108,863
Accumulated other comprehensive income (loss), net of tax	(19,423)	(14,097)	628	1,530	2,869
Treasury stock, at cost - 1,067,761, 1,055,958, 1,050,469, 1,043,772 and 1,035,876 shares, respectively	(14,390)	(14,087)	(13,882)	(13,706)	(13,522)
Total stockholders' equity	96,298	99,786	111,262	110,159	107,986
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,307,564	$ 1,265,945	$ 1,298,711	$ 1,297,663	$ 1,254,638

PSB Holdings, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Quarter Ended Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021
Interest and dividend income:					
Loans, including fees	$ 9,295	$ 9,054	$ 8,918	$ 9,323	$ 9,972
Securities:					
Taxable	859	762	631	581	553
Tax-exempt	537	533	505	500	505
Other interest and dividends	52	42	31	45	40
Total interest and dividend income	10,743	10,391	10,085	10,449	11,070
Interest expense:					
Deposits	595	443	476	404	485
FHLB advances	234	169	192	220	221
Other borrowings	4	2	4	9	8
Senior subordinated notes	28	28	29	28	28
Junior subordinated debentures	179	166	165	165	165
Total interest expense	1,040	808	866	826	907
Net interest income	9,703	9,583	9,219	9,623	10,163
Provision for loan losses	-	-	-	-	-
Net interest income after provision for loan losses	9,703	9,583	9,219	9,623	10,163
Noninterest income:					
Service fees	392	388	382	379	347
Gain on sale of mortgage loans	182	277	451	494	663
Mortgage loan servicing, net	117	176	114	111	9
Investment and insurance sales commissions	404	456	500	426	465
Net gain on sale of securities	-	-	-	-	113
Increase in cash surrender value of life insurance	152	150	151	153	148
Other noninterest income	686	531	646	563	554
Total noninterest income	1,933	1,978	2,244	2,126	2,299
Noninterest expense:					
Salaries and employee benefits	4,548	4,390	4,669	4,099	3,915
Occupancy and facilities	629	665	596	614	647
Loss (gain) on foreclosed assets	-	(6)	(347)	28	23
Data processing and other office operations	912	861	855	828	1,499
Advertising and promotion	173	152	155	199	322
Core deposit intangible amortization	38	47	47	47	31
Other noninterest expenses	1,151	1,083	1,382	1,131	3,170
Total noninterest expense	7,451	7,192	7,357	6,946	9,607
Income before provision for income taxes	4,185	4,369	4,106	4,803	2,855
Provision for income taxes	993	1,039	960	1,165	718
Net income	$ 3,192	$ 3,330	$ 3,146	$ 3,638	$ 2,137
Basic earnings per share	$ 0.72	$ 0.75	$ 0.71	$ 0.82	$ 0.48
Diluted earnings per share	$ 0.72	$ 0.75	$ 0.71	$ 0.82	$ 0.48

PSB Holdings, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Three Months Ended June 2022	2021	Six Months Ended June 2022	2021
Interest and dividend income:				

Loans, including fees	$ 9,295	$ 9,972	$ 18,349	$ 19,414
Securities:				
Taxable	859	553	1,621	1,060
Tax-exempt	537	505	1,070	1,007
Other interest and dividends	52	40	94	71
Total interest and dividend income	10,743	11,070	21,134	21,552
Interest expense:				
Deposits	595	485	1,038	1,032
FHLB advances	234	221	403	436
Other borrowings	4	8	6	15
Senior subordinated notes	28	28	56	56
Junior subordinated debentures	179	165	345	254
Total interest expense	1,040	907	1,848	1,793
Net interest income	9,703	10,163	19,286	19,759
Provision for loan losses	-	-	-	1,000
Net interest income after provision for loan losses	9,703	10,163	19,286	18,759
Noninterest income:				
Service fees	392	347	780	679
Gain on sale of mortgage loans	182	663	459	1,815
Mortgage loan servicing, net	117	9	293	88
Investment and insurance sales commissions	404	465	860	1,060
Net gain on sale of securities	-	113	-	134
Increase in cash surrender value of life insurance	152	148	302	256
Other noninterest income	686	554	1,217	1,016
Total noninterest income	1,933	2,299	3,911	5,048
Noninterest expense:				
Salaries and employee benefits	4,548	3,915	8,938	7,375
Occupancy and facilities	629	647	1,294	1,216
Loss (gain) on foreclosed assets	-	23	(6)	153
Data processing and other office operations	912	1,499	1,773	2,193
Advertising and promotion	173	322	325	401
Core deposit intangible amortization	38	31	85	34
Other noninterest expenses	1,151	3,170	2,234	4,435
Total noninterest expense	7,451	9,607	14,643	15,807
Income before provision for income taxes	4,185	2,855	8,554	8,000
Provision for income taxes	993	718	2,032	1,967
Net income	$ 3,192	$ 2,137	$ 6,522	$ 6,033
Basic earnings per share	$ 0.72	$ 0.48	$ 1.47	$ 1.35
Diluted earnings per share	$ 0.72	$ 0.48	$ 1.47	$ 1.35

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

	Quarter ended				
Earnings and dividends:	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021
Interest income	$ 10,743	$ 10,391	$ 10,085	$ 10,449	$ 11,070
Interest expense	$ 1,040	$ 808	$ 866	$ 826	$ 907
Net interest income	$ 9,703	$ 9,583	$ 9,219	$ 9,623	$ 10,163
Provision for loan losses	$ -	$ -	$ -	$ -	$ -
Other noninterest income	$ 1,933	$ 1,978	$ 2,244	$ 2,126	$ 2,299
Other noninterest expense	$ 7,451	$ 7,192	$ 7,357	$ 6,946	$ 9,607
Net income	$ 3,192	$ 3,330	$ 3,146	$ 3,638	$ 2,137
Basic earnings per share (3)	$ 0.72	$ 0.75	$ 0.71	$ 0.82	$ 0.48
Diluted earnings per share (3)	$ 0.72	$ 0.75	$ 0.71	$ 0.82	$ 0.48
Dividends declared per share (3)	$ 0.25	$ -	$ 0.23	$ -	$ 0.23
Tangible net book value per share (4)	$ 21.10	$ 21.82	$ 24.36	$ 24.07	$ 23.53

Semi-annual dividend payout ratio	16.96%	n/a	15.05%	n/a	17.04%
Average common shares outstanding	4,428,939	4,433,375	4,445,465	4,450,755	4,454,922
Balance sheet - average balances:					
Loans receivable, net of allowances for loss	$ 904,710	$ 878,979	$ 870,151	$ 862,555	$ 891,886
Assets	$ 1,290,906	$ 1,278,565	$ 1,295,780	$ 1,292,369	$ 1,251,738
Deposits	$ 1,099,314	$ 1,084,814	$ 1,092,872	$ 1,064,553	$ 1,023,229
Stockholders' equity	$ 98,261	$ 108,803	$ 112,089	$ 110,388	$ 105,932
Performance ratios:					
Return on average assets (1)	0.99%	1.06%	0.96%	1.12%	0.68%
Return on average stockholders' equity (1)	13.03%	12.41%	11.14%	13.08%	8.09%
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets	8.80%	8.99%	8.57%	8.39%	8.27%
Net loan charge-offs (recoveries) to average loans (1)	-0.02%	-0.05%	-0.10%	-0.08%	0.00%
Nonperforming loans to gross loans	1.21%	1.34%	1.42%	1.43%	1.31%
Nonperforming assets to total assets	0.88%	1.03%	1.06%	1.16%	1.07%
Allowance for loan losses to gross loans	1.32%	1.39%	1.38%	1.35%	1.35%
Nonperforming assets to tangible equity plus the allowance for loan losses (4)	11.04%	12.10%	11.58%	12.87%	11.71%
Net interest rate margin (1)(2)	3.23%	3.24%	3.01%	3.15%	3.48%
Net interest rate spread (1)(2)	3.11%	3.14%	2.89%	3.04%	3.37%
Service fee revenue as a percent of average demand deposits (1)	0.57%	0.58%	0.52%	0.53%	0.51%
Noninterest income as a percent of gross revenue	15.25%	15.99%	18.20%	16.91%	17.20%
Efficiency ratio (2)	63.20%	61.40%	63.37%	58.40%	76.20%
Noninterest expenses to average assets (1)	2.32%	2.28%	2.25%	2.13%	3.08%
Tangible equity to tangible assets (4)	7.15%	7.66%	8.35%	8.27%	8.38%
Stock price information:					
High	$ 26.35	$ 26.45	$ 27.00	$ 26.50	$ 26.50
Low	$ 22.82	$ 25.80	$ 24.60	$ 24.52	$ 25.00
Last trade value at quarter-end	$ 23.50	$ 26.00	$ 26.05	$ 24.95	$ 26.25

(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 Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021
Net income	$ 3,192	$ 3,330	$ 3,146	$ 3,638	$ 2,137
Other comprehensive income, net of tax:					
Unrealized gain (loss) on securities available for sale	(5,573)	(14,847)	(973)	(1,374)	1,224
Reclassification adjustment for security gain included in net income	-	-	-	-	(83)
Amortization of unrealized loss included in net income on securities available for sale transferred to securities held to maturity	176	-	-	-	-
Unrealized gain (loss) on interest rate swap	43	85	31	(5)	(4)
Reclassification adjustment of interest rate swap settlements included in earnings	28	37	40	40	39

Other comprehensive income (loss)	(5,326)	(14,725)	(902)	(1,339)	1,176
Comprehensive income (loss)	$ (2,134)	$ (11,395)	$ 2,244	$ 2,299	$ 3,313

PSB Holdings, Inc.
Nonperforming Assets as of:

(dollars in thousands)	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
Nonaccrual loans (excluding restructured loans)	$ 6,036	$ 6,537	$ 6,425	$ 6,018	$ 5,208
Nonaccrual restructured loans	146	170	1,000	1,526	1,062
Restructured loans not on nonaccrual	5,137	5,172	5,213	5,159	5,205
Accruing loans past due 90 days or more	-	-	-	-	-
Total nonperforming loans	11,319	11,879	12,638	12,703	11,475
Other real estate owned	160	1,103	1,103	2,398	1,984
Total nonperforming assets	$ 11,479	$ 12,982	$ 13,741	$ 15,101	$ 13,459
Nonperforming loans as a % of gross loans receivable	1.21%	1.34%	1.42%	1.43%	1.31%
Total nonperforming assets as a % of total assets	0.88%	1.03%	1.06%	1.16%	1.07%
Allowance for loan losses as a % of nonperforming loans	109.48%	103.89%	96.71%	94.51%	103.06%

PSB Holdings, Inc.
Nonperforming Assets >= $500,000 net book value before specific reserves
At June 30, 2022
(dollars in thousands)

Collateral Description	Asset Type	Gross Principal	Specific Reserves
Real estate - Hotel	Restructured	$ 4,668	$ 1
Real estate - Buffet Style Restaurant	Nonaccrual	3,069	1,327
Real estate - Independent Auto Repair	Nonaccrual	870	120
Total listed nonperforming assets		$ 8,607	$ 1,448
Total bank wide nonperforming assets		$ 11,479	$ 1,707
Listed assets as a % of total nonperforming assets		75%	85%

PSB Holding, Inc.
Loan Composition by Purpose

Quarter-ended (dollars in thousands)	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
Residential real estate:					
One to four family	$ 169,437	$ 168,083	$ 168,584	$ 166,728	$ 169,456
HELOC loans	17,776	16,709	17,198	18,011	18,263
Residential construction & development	22,462	21,590	23,093	25,162	24,385
Residential vacant land	1,599	1,697	1,763	6,629	2,172
Total Residential real estate	211,274	208,079	210,638	216,530	214,276
Commercial/Agricultural real estate:					
Owner occupied					
Commercial real estate	205,976	208,271	202,416	203,509	202,767
SBA commercial real estate	2,458	2,530	1,568	1,140	1,164
Agriculture real estate	3,583	3,651	3,716	4,046	4,188
Construction and land development	31,465	26,111	22,380	17,705	6,460
Commercial vacant land	5,351	5,194	3,529	3,572	6,490
Total Owner occupied	248,833	245,757	233,609	229,972	221,069
Non-owner occupied					
Commercial real estate	227,400	212,407	211,688	212,868	196,011
One to four family residential rental	61,749	56,305	52,437	49,542	47,097
SBA commercial real estate	-	-	1,010	682	703
Agricultural real estate	-	-	-	-	-
Construction and land development	25,086	23,080	25,899	29,618	30,057
Commercial vacant land	4,287	4,191	4,534	4,851	5,203
Total Non-owner occupied	318,522	295,983	295,568	297,561	279,071
Commercial/Agricultural non-real estate:					
Municipal non-real estate	6,352	6,403	11,858	7,623	7,014
Commercial line	65,728	54,626	52,151	47,646	45,386
Other commercial non-real estate	76,065	64,260	61,115	54,481	55,002
SBA commercial non-real estate	3,926	6,068	17,527	25,933	47,245
Agricultural non-real estate	1,409	1,340	1,130	1,325	1,656
Total Commercial/Agr. non-real estate	153,480	132,697	143,781	137,008	156,303
Consumer non-real estate:					
Consumer installment	4,305	4,201	4,054	4,369	4,399
Consumer line	493	486	480	477	436
Other consumer	123	118	117	125	130
Total Consumer non-real estate	4,921	4,805	4,651	4,971	4,965
Gross loans	937,030	887,321	888,247	886,042	875,684
Net deferred loan costs (fees)	503	423	107	(167)	(738)
Overdrafts	119	185	205	654	134
Allowance for loan losses	(12,392)	(12,341)	(12,222)	(12,005)	(11,826)
Total loans receivable	$ 925,260	$ 875,588	$ 876,337	$ 874,524	$ 863,254

PSB Holdings, Inc.
Deposit Composition

(dollars in thousands)	June 30, 2022		March 31, 2022		December 31, 2021		September 30, 2021		June 30, 2021	
	$	%	$	%	$	%	$	%	$	%

Non-interest bearing demand	$ 283,592	25.5%	$ 272,611	25.0%	$ 284,477	25.7%	$ 291,440	26.9%	$ 273,181	26.5%
Interest-bearing demand and savings	376,150	33.8%	382,829	35.1%	413,522	37.4%	388,725	35.9%	366,563	35.4%
Money market deposits	226,907	20.4%	221,982	20.4%	219,145	19.8%	215,772	19.9%	212,285	20.6%
Retail and local time deposits <= $250	136,230	12.1%	138,821	12.8%	140,443	12.8%	142,439	13.2%	140,895	13.7%
Total core deposits	1,022,879	91.8%	1,016,243	93.3%	1,057,587	95.7%	1,038,376	95.9%	992,924	96.2%
Retail and local time deposits > $250	26,882	2.4%	28,754	2.6%	28,659	2.6%	24,824	2.3%	25,834	2.5%
Broker & national time deposits <= $250	7,443	0.7%	7,443	0.7%	7,793	0.7%	8,640	0.8%	10,874	1.1%
Broker & national time deposits > $250	56,255	5.1%	36,965	3.4%	11,201	1.0%	11,201	1.0%	1,994	0.2%
Totals	$1,113,459	100.0%	$1,089,405	100.0%	$1,105,240	100.0%	$1,083,041	100.0%	$1,031,626	100.0%

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

	Quarter ended June 30, 2022			Quarter ended March 31, 2022			Quarter ended June 30, 2021		
	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate
Assets									
Interest-earning assets:									
Loans (1)(2)	$ 917,065	$ 9,305	4.07%	$ 891,257	$ 9,065	4.12%	$ 906,233	$ 9,983	4.42%
Taxable securities	205,040	859	1.68%	216,965	762	1.42%	153,960	553	1.44%
Tax-exempt securities (2)	79,936	680	3.41%	87,719	675	3.12%	84,593	639	3.03%
FHLB stock	2,650	16	2.42%	2,646	34	5.21%	2,625	23	3.51%
Other	20,651	36	0.70%	20,448	8	0.16%	42,253	17	0.16%
Total (2)	1,225,342	10,896	3.57%	1,219,035	10,544	3.51%	1,189,664	11,215	3.78%
Non-interest-earning assets:									
Cash and due from banks	18,731			17,996			25,422		
Premises and equipment, net	13,039			12,732			11,640		
Cash surrender value ins	24,510			24,361			23,906		
Other assets	21,639			16,719			16,004		
Allowance for loan losses	(12,355)			(12,278)			(11,816)		
Total	$1,290,906			$1,278,565			$1,254,820		
Liabilities & stockholders' equity									
Interest-bearing liabilities:									
Savings and demand deposits	$ 379,734	$ 122	0.13%	$ 396,261	$ 69	0.07%	$ 352,572	$ 65	0.07%
Money market deposits	217,639	121	0.22%	218,367	89	0.17%	213,122	96	0.18%
Time deposits	224,539	352	0.63%	198,431	285	0.58%	182,758	324	0.71%
FHLB borrowings	62,659	234	1.50%	51,200	169	1.34%	71,846	221	1.23%
Other borrowings	5,028	4	0.32%	6,452	2	0.13%	25,525	8	0.13%
Senior sub. notes	2,500	28	4.49%	2,500	28	4.54%	2,500	28	4.49%
Junior sub. debentures	12,755	179	5.63%	12,730	166	5.29%	11,827	165	5.60%
Total	904,854	1,040	0.46%	885,941	808	0.37%	860,150	907	0.42%
Non-interest-bearing liabilities:									
Demand deposits	277,402			271,755			274,777		
Other liabilities	10,389			12,066			11,430		
Stockholders' equity	98,261			108,803			108,463		
Total	$1,290,906			$1,278,565			$1,254,820		
Net interest income		$ 9,856			$ 9,736			$ 10,308	
Rate spread			3.11%			3.14%			3.36%
Net yield on interest-earning assets			3.23%			3.24%			3.48%

(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)

	Six months ended June 30, 2022			Six months ended June 30, 2021		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets						
Interest-earning assets:						
Loans (1)(2)	$ 904,232	$ 18,370	4.10%	$ 872,694	$ 19,438	4.49%
Taxable securities	210,968	1,621	1.55%	148,280	1,060	1.44%
Tax-exempt securities (2)	83,808	1,354	3.26%	84,407	1,275	3.05%
FHLB stock	2,648	50	3.81%	2,455	44	3.61%
Other	20,326	44	0.44%	32,702	27	0.17%
Total (2)	1,221,982	21,439	3.54%	1,140,538	21,844	3.86%
Non-interest-earning assets:						
Cash and due from banks	18,366			19,866		
Premises and equipment, net	12,886			11,338		
Cash surrender value ins	24,436			20,890		
Other assets	19,192			13,401		
Allowance for loan losses	(12,316)			(11,507)		
Total	$ 1,284,546			$ 1,194,526		
Liabilities & stockholders' equity						
Interest-bearing liabilities:						
Savings and demand deposits	$ 387,952	$ 191	0.10%	$ 343,009	$ 130	0.08%
Money market deposits	217,529	210	0.19%	215,254	214	0.20%
Time deposits	211,557	637	0.61%	160,887	688	0.86%
FHLB borrowings	56,961	403	1.43%	66,950	436	1.31%
Other borrowings	5,736	6	0.21%	22,263	15	0.14%
Senior sub. notes	2,500	56	4.52%	2,500	56	4.52%
Junior sub. debentures	12,742	345	5.46%	10,199	254	5.02%
Total	894,977	1,848	0.42%	821,062	1,793	0.44%
Non-interest-bearing liabilities:						
Demand deposits	274,598			255,455		
Other liabilities	11,400			11,108		
Stockholders' equity	103,571			106,901		
Total	$ 1,284,546			$ 1,194,526		
Net interest income		$ 19,591			$ 20,051	
Rate spread			3.12%			3.42%
Net yield on interest-earning assets			3.23%			3.55%

(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.