



NEWS RELEASE

PSB Holdings, Inc. Reports Second Quarter 2023 Earnings of \$0.64 Per Share; Loan Growth Up 7.7% From Prior Quarter; New Branch in Stevens Point Opened

2023-07-24

WAUSAU, Wis., July 24, 2023 (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, 2023 of \$0.64 per common share on net income of \$2.7 million, compared to \$0.67 per common share on net income of \$2.9 million during the first quarter ending March 31, 2023, and \$0.72 per common share on net income of \$3.2 million during the second quarter ending June 30, 2022.

PSB's second quarter 2023 operating results reflected the following changes from the first quarter of 2023: (1) lower net interest income due to rising deposit and FHLB advance costs; (2) higher non-interest income despite losses on sale of securities; (3) slightly higher non-interest expense related to health care expenses; (4) higher accumulated other comprehensive loss due to an increase in intermediate interest rates; (5) strong loan growth of \$75 million; and (6) increased borrowings to fund seasonal business customer and municipal deposit outflows, promote increased on-balance sheet liquidity, and to fund net loan growth.

"We realized strong loan growth in the second quarter which has helped boost yields on the loan portfolio and offset increased interest expense. Additionally, with a gain realized on a life insurance policy, we were able to offset a loss on the sale of securities and right-size our investment portfolio with better asset yields. Towards the end of the quarter, and with the addition of new loans, we began to see the compression on our net interest margin stabilize," stated Scott Cattanach, President and CEO. "On July 14th, we converted our loan production office in Stevens Point to a full service branch which should facilitate attracting full deposit relationships with existing and new loan customers in the Stevens Point community."

June 30, 2023 Highlights:

- Loans increased \$75.1 million in the second quarter ended June 30, 2023 to \$1.1 billion from \$973.3 million at the end of the first quarter March 31, 2023.
- Tangible book value per common share increased to \$22.64 at June 30, 2023 from \$22.43 one quarter earlier. Tangible book value per share benefited from fewer shares outstanding. Return on tangible common equity was 11.14% for the quarter ended June 30, 2023 compared to 12.51% the prior quarter.
- Net interest income decreased to \$9.5 million for the quarter ended June 30, 2023, compared to \$9.9 million for the quarter ended March 31, 2023 due to funding costs rising faster than increases in asset yields.
- Provision for loan losses remained at \$100,000 for the quarter ended June 30, 2023. The provision for the second quarter was largely related to new loan growth of \$75.1 million.
- Noninterest income remained at \$2.0 million for the quarter ended June 30, 2023 as losses on the sale of securities of \$279,000 partially offset a \$533,000 life insurance benefit. Investment and insurance sales commissions were also lower in the second quarter relative to the prior quarter.
- Net income adjusted for the non-recurring impact of a life insurance benefit and loss on the sale of securities was \$2.4 million, or \$0.56 per common share.
- Noninterest expenses increased \$128,000, or 1.6% for the second quarter of 2023 to \$7.9 million from \$7.8 million the prior quarter. The increase was primarily related to higher data processing and office operations costs.
- During the second quarter, PSB repurchased 48,055 shares of its common stock.

Balance Sheet and Asset Quality Review

Total assets increased slightly to \$1.42 billion at June 30, 2023, from \$1.36 billion at March 31, 2023. Cash and cash equivalents totaled \$44.4 million at June 30, 2023 compared to \$39.6 million the previous quarter. Investment securities available for sale decreased \$23.4 million from security sales, maturities and paydowns to \$167.4 million at June 30, 2023 from \$190.7 million one quarter earlier. Total collateralized liquidity available to meet cash demands was approximately \$600 million at June 30, 2023 with an additional \$300 million that could be raised in a short timeframe from the brokered CDs market.

Total loans receivable increased \$75.1 million to \$1.05 billion at June 30, 2023, from \$973.3 million at March 31, 2023. Over the past year, loans have increased 13.3%. Commercial loans were the largest addition to the loan portfolio during the most recent quarter, which included municipal non-real estate loans. Total commercial loans increased \$34.6 million to \$196.4 million from \$161.8 million the prior quarter. Non-owner occupied commercial

real estate loans were also added to the portfolio, increasing \$13.7 million to \$240.0 million at June 30, 2023 from \$226.3 million at March 31, 2023. Construction and land development loans increased \$8.0 million during the second quarter. Owner occupied one-to-four family mortgage loans with variable rate features largely rounded out the loan growth over the quarter increasing \$11.8 million to \$199.1 million at June 30, 2023. Currently, the lending pipeline is expected to slow from the second quarter pace through the remainder of 2023, but the economic climate in our markets remains vibrant.

The allowance for loan losses declined slightly to 1.19% of gross loans at June 30, 2023 from 1.25% the prior quarter. Annualized net recoveries to average loans were 0.07% for the second quarter ended June 30, 2023. Non-performing assets remained at 0.45% of total assets at June 30, 2023. For the second consecutive quarter, the Bank did not own any foreclosed real estate.

Total deposits increased \$35.5 million, or 3.2%, to \$1.14 billion at June 30, 2023. Much of the deposit increase was non-interest bearing demand deposits (up \$14.3 million) and money market deposits (up \$16.3 million). Brokered deposits increased \$19.5 million while interest-bearing demand deposits declined \$21.6 million.

The composition of deposits continued to change during the June 2023 quarter as customers continue to seek higher deposit rates. At June 30, 2023, money market deposits and time deposits increased to 37.7% of deposits, compared to 36.6% at March 31, 2023. Lower-yield demand and savings deposits declined to 53.8% of deposits compared to 56.2% at March 31, 2023. Broker and national time deposits increased to 8.5% of total deposits at June 30, 2023 from 7.2% one quarter earlier. Uninsured and uncollateralized deposits represented 21.6% of total deposits at June 30, 2023 compared to 19.0% at March 31, 2023.

FHLB advances increased to \$133.0 million at June 30, 2023 compared to \$113.0 million at March 31, 2023. Other borrowings increased to \$5.7 million at June 30, 2023 compared to \$5.0 million at March 31, 2023. New FHLB advances were added to support loan growth during the quarter as well as increase cash on hand for liquidity contingency plans.

Tangible stockholder equity as a percent of total tangible assets was 7.22% at June 30, 2023, compared to 7.54% at March 31, 2023.

Tangible net book value per common share increased to \$22.64 at June 30, 2023, compared to \$22.43 per common share one quarter earlier. Relative to the prior quarter, accumulated other comprehensive loss increased \$725,000. At June 30, 2023, the fair value on all securities (available for sale and held to maturity) was 12.0% less than amortized purchase cost, compared to 10.4% of the amortized purchase cost at March 31, 2023.

Net interest income decreased to \$9.5 million (on a net margin of 2.98%) for the second quarter of 2023, compared to \$9.9 million (on a net margin of 3.21%) for the first quarter of 2023, and \$9.7 million (on a net margin of 3.23%) for the second quarter of 2022. Earning asset yields increased 13 basis points to 4.58% during the second quarter of 2023 from 4.45% during the first quarter of 2023, while deposit and borrowing costs increased 44 basis points to 2.12% compared to 1.68% during the first quarter of 2023.

The increase in earning asset yields was partially due to higher yields on loans while yields on investment securities remained relatively flat during the quarter ended June 30, 2023. Taxable security yields were 2.71% for the quarter ended June 30, 2023, compared to 2.70% for the quarter ended March 31, 2023. Loan yields increased during the second quarter to 5.04% from 4.90% for the first quarter of 2023 as new loans were added to the portfolio and existing loans repriced to higher indices from Federal Reserve and market rate increases.

Rising deposit costs for money market deposits, time deposits and FHLB advances were primarily responsible for the rise in the Bank's cost of funds. The overall cost of deposits was 1.33% for the quarter ended June 30, 2023 compared to 1.06% the prior quarter. FHLB advance costs rose to 3.78% during the second quarter ended June 30, 2023 from 3.22% the prior quarter.

Total noninterest income increased slightly for the second quarter of 2023 to \$1.98 million from \$1.95 million for the first quarter of 2023, due primarily to the payment of a life insurance benefit. The life insurance benefit was partially offset by the loss realized on the sale of investment securities with the sale proceeds reinvested into higher yielding loans. The increase in noninterest income also reflected larger gains on the sale of mortgage loans as origination activity increased from the prior quarter. At June 30, 2023, the Bank serviced \$370.8 million in secondary market residential mortgage loans for others.

Noninterest expenses increased slightly to \$7.9 million for the second quarter of 2023, compared to \$7.8 million for the first quarter of 2023. The second quarter of 2023 included higher data processing and other operation expenses as well as continued elevated employee benefit expenses. Salary and employee benefit expenses were \$4.9 million for the second quarter of 2023, compared to \$5.0 million for the first quarter of 2023. Noninterest expense is expected to be a similar amount in the third 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 twelve 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 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.

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

(dollars in thousands, except per share data)	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022
Assets					
Cash and due from banks	\$ 27,409	\$ 13,336	\$ 28,561	\$ 16,659	\$ 19,149
Interest-bearing deposits	892	538	758	3,267	3,545
Federal funds sold	16,138	25,766	90	20,751	16,689
Cash and cash equivalents	44,439	39,640	29,409	40,677	39,383
Securities available for sale (at fair value)	167,382	190,738	192,197	188,425	190,478
Securities held to maturity (fair values of \$81,489, \$82,610, \$80,926, \$77,467 and \$82,567 respectively)	87,335	87,889	87,816	87,993	88,216
Equity securities	2,178	2,070	2,032	1,870	1,781
Bank certificates of deposit (at cost)	-	-	-	-	245
Loans held for sale	151	-	-	-	270

Loans receivable, net	1,048,322	973,270	961,865	936,686	925,260
Accrued interest receivable	4,274	4,062	4,006	3,493	3,285
Foreclosed assets	-	-	160	160	160
Premises and equipment, net	13,256	13,406	13,164	13,129	12,981
Mortgage servicing rights, net	1,666	1,682	1,610	1,651	1,711
Federal Home Loan Bank stock (at cost)	6,359	4,620	2,516	2,516	2,646
Cash surrender value of bank-owned life insurance	23,776	25,078	24,922	24,765	24,608
Core deposit intangible	321	348	382	415	449
Goodwill	2,541	2,541	2,541	2,541	2,541
Other assets	14,933	14,444	15,069	15,248	13,550
TOTAL ASSETS	\$1,416,933	\$1,359,788	\$1,337,689	\$1,319,569	\$1,307,564
Liabilities					
Non-interest-bearing deposits	\$ 282,153	\$ 267,836	\$ 292,338	\$ 298,335	\$ 283,592
Interest-bearing deposits	860,981	839,757	856,417	850,483	829,867
Total deposits	1,143,134	1,107,593	1,148,755	1,148,818	1,113,459
Federal Home Loan Bank advances	133,000	113,000	43,000	40,000	67,000
Other borrowings	5,730	5,033	12,985	10,449	4,601
Senior subordinated notes	4,771	4,769	5,549	2,500	2,500
Junior subordinated debentures	12,870	12,844	12,819	12,793	12,768
Accrued expenses and other liabilities	12,495	11,338	12,639	10,114	10,938
Total liabilities	1,312,000	1,254,577	1,235,747	1,224,674	1,211,266
Stockholders' equity					
Preferred stock - no par value:					
Authorized - 30,000 shares; no shares issued or outstanding					
Outstanding - 7,200, 7,200, 7,200, 0, and 0 shares, respectively	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 - 4,190,252, 4,241,501, 4,297,279, 4,414,651 and 4,423,037 shares, respectively	1,830	1,830	1,830	1,830	1,830
Additional paid-in capital	8,382	8,311	8,300	8,294	8,238
Retained earnings	130,396	128,968	126,003	123,559	120,043
Accumulated other comprehensive income (loss), net of tax	(23,240)	(22,515)	(24,220)	(24,200)	(19,423)
Treasury stock, at cost - 1,300,546, 1,249,297, 1,193,519, 1,076,147 and 1,067,761 shares, respectively	(19,635)	(18,583)	(17,171)	(14,588)	(14,390)
Total stockholders' equity	104,933	105,211	101,942	94,895	96,298
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$1,416,933	\$1,359,788	\$1,337,689	\$1,319,569	\$1,307,564

PSB Holdings, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Quarter Ended					Six Months Ended	
	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	June 2023	2022
Interest and dividend income:							
Loans, including fees	\$ 12,709	\$ 11,773	\$ 11,251	\$ 10,225	\$ 9,295	\$ 24,482	\$ 18,349
Securities:							
Taxable	1,327	1,331	1,218	978	859	2,658	1,621
Tax-exempt	535	537	539	540	537	1,072	1,070
Other interest and dividends	145	148	141	163	52	293	94
Total interest and dividend income	14,716	13,789	13,149	11,906	10,743	28,505	21,134
Interest expense:							
Deposits	3,661	2,989	2,060	1,341	595	6,650	1,038
FHLB advances	1,200	547	167	209	234	1,747	403
Other borrowings	48	62	38	14	4	110	6
Senior subordinated notes	58	62	55	28	28	120	56
Junior subordinated debentures	242	234	224	202	179	476	345
Total interest expense	5,209	3,894	2,544	1,794	1,040	9,103	1,848

Net interest income	9,507	9,895	10,605	10,112	9,703	19,402	19,286
Provision for loan losses	100	100	-	-	-	200	-
Net interest income after provision for loan losses	9,407	9,795	10,605	10,112	9,703	19,202	19,286
Noninterest income:							
Service fees	378	361	381	409	392	739	780
Mortgage banking income	311	325	235	228	299	636	752
Investment and insurance sales commissions	287	365	498	357	404	652	860
Net loss on sale of securities	(279)	-	-	-	-	(279)	-
Increase in cash surrender value of life insurance	149	157	157	157	152	306	302
Life insurance death benefit	533	-	-	-	-	533	-
Other noninterest income	605	742	553	558	686	1,347	1,217
Total noninterest income	1,984	1,950	1,824	1,709	1,933	3,934	3,911
Noninterest expense:							
Salaries and employee benefits	4,884	5,006	4,700	4,302	4,548	9,890	8,938
Occupancy and facilities	698	699	641	687	629	1,397	1,294
Loss (gain) on foreclosed assets	4	(50)	2	4	-	(46)	(6)
Data processing and other office operations	951	880	910	906	912	1,831	1,773
Advertising and promotion	166	162	180	185	173	328	325
Core deposit intangible amortization	27	34	34	34	38	61	85
Other noninterest expenses	1,202	1,073	1,219	1,069	1,151	2,275	2,234
Total noninterest expense	7,932	7,804	7,686	7,187	7,451	15,736	14,643
Income before provision for income taxes	3,459	3,941	4,743	4,634	4,185	7,400	8,554
Provision for income taxes	652	941	1,143	1,119	993	1,593	2,032
Net income	\$ 2,807	\$ 3,000	\$ 3,600	\$ 3,515	\$ 3,192	\$ 5,807	\$ 6,522
Preferred stock dividends declared	\$ 122	\$ 122	\$ 81	\$ -	\$ -	\$ 122	\$ -
Net income available to common shareholders	\$ 2,685	\$ 2,878	\$ 3,519	\$ 3,515	\$ 3,192	\$ 5,685	\$ 6,522
Basic earnings per common share	\$ 0.64	\$ 0.67	\$ 0.80	\$ 0.80	\$ 0.72	\$ 1.34	\$ 1.47
Diluted earnings per common share	\$ 0.64	\$ 0.67	\$ 0.80	\$ 0.80	\$ 0.72	\$ 1.34	\$ 1.47

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

	Quarter ended				
	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022
Earnings and dividends:					
Interest income	\$ 14,716	\$ 13,789	\$ 13,149	\$ 11,906	\$ 10,743
Interest expense	\$ 5,209	\$ 3,894	\$ 2,544	\$ 1,794	\$ 1,040
Net interest income	\$ 9,507	\$ 9,895	\$ 10,605	\$ 10,112	\$ 9,703
Provision for loan losses	\$ 100	\$ 100	\$ -	\$ -	\$ -
Other noninterest income	\$ 1,984	\$ 1,950	\$ 1,824	\$ 1,709	\$ 1,933
Other noninterest expense	\$ 7,932	\$ 7,804	\$ 7,686	\$ 7,187	\$ 7,451
Net income available to common shareholders	\$ 2,685	\$ 2,878	\$ 3,519	\$ 3,515	\$ 3,192
Basic earnings per common share (3)	\$ 0.64	\$ 0.67	\$ 0.80	\$ 0.80	\$ 0.72
Diluted earnings per common share (3)	\$ 0.64	\$ 0.67	\$ 0.80	\$ 0.80	\$ 0.72
Dividends declared per common share (3)	\$ 0.30	\$ -	\$ 0.25	\$ -	\$ 0.25
Tangible net book value per common share (4)	\$ 22.64	\$ 22.43	\$ 21.37	\$ 20.83	\$ 21.10
Semi-annual dividend payout ratio	27.38%	n/a	15.27%	n/a	16.96%
Average common shares outstanding	4,218,226	4,275,160	4,377,330	4,419,421	4,428,939
Balance sheet - average balances:					
Loans receivable, net of allowances for loss	\$ 1,000,349	\$ 964,029	\$ 945,551	\$ 931,344	\$ 904,710
Assets	\$ 1,367,363	\$ 1,336,511	\$ 1,321,776	\$ 1,323,400	\$ 1,290,906
Deposits	\$ 1,098,039	\$ 1,124,091	\$ 1,146,066	\$ 1,141,784	\$ 1,099,314
Stockholders' equity	\$ 106,762	\$ 103,406	\$ 100,037	\$ 98,630	\$ 98,261
Performance ratios:					
Return on average assets (1)	0.79%	0.87%	1.06%	1.05%	0.99%

Return on average stockholders' equity (1)	10.09%	11.29%	13.96%	14.14%	13.03%
Return on average tangible common stockholders' equity (1)(4)	11.14%	12.51%	15.12%	14.58%	13.29%
Net loan charge-offs to average loans (1)	-0.07%	-0.02%	0.03%	0.01%	-0.02%
Nonperforming loans to gross loans	0.60%	0.62%	0.64%	1.16%	1.21%
Nonperforming assets to total assets	0.45%	0.45%	0.48%	0.85%	0.88%
Allowance for loan losses to gross loans	1.19%	1.25%	1.26%	1.30%	1.32%
Nonperforming assets to tangible equity plus the allowance for loan losses (4)	5.96%	5.76%	6.22%	10.89%	11.04%
Net interest rate margin (1)(2)	2.98%	3.21%	3.41%	3.24%	3.23%
Net interest rate spread (1)(2)	2.46%	2.77%	3.10%	3.04%	3.11%
Service fee revenue as a percent of average demand deposits (1)	0.58%	0.52%	0.50%	0.56%	0.57%
Noninterest income as a percent of gross revenue	11.88%	12.39%	12.18%	12.55%	15.25%
Efficiency ratio (2)	68.09%	65.02%	61.06%	60.02%	63.20%
Noninterest expenses to average assets (1)	2.33%	2.37%	2.31%	2.15%	2.32%
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets	9.33%	9.32%	9.23%	8.95%	8.80%
Tangible equity to tangible assets (4)	7.22%	7.54%	7.42%	6.98%	7.15%

Stock price information:

High	\$	21.38	\$	25.75	\$	22.74	\$	23.94	\$	26.35
Low	\$	19.75	\$	20.00	\$	21.50	\$	22.50	\$	22.82
Last trade value at quarter-end	\$	20.35	\$	21.15	\$	21.90	\$	22.50	\$	23.50

(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)	Jun. 30, 2023	Mar. 31, 2023	Quarter Ended Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022
Net income	\$ 2,807	\$ 3,000	\$ 3,600	\$ 3,515	\$ 3,192
Other comprehensive income, net of tax:					
Unrealized gain (loss) on securities available for sale	(1,168)	1,601	(116)	(4,915)	(5,573)
Reclassification adjustment for security loss included in net income	202	-	-	-	-
Amortization of unrealized loss included in net income on securities available for sale transferred to securities held to maturity	107	129	93	92	176
Unrealized gain (loss) on interest rate swap	161	(1)	11	32	43
Reclassification adjustment of interest rate swap settlements included in earnings	(27)	(24)	(8)	13	28
Other comprehensive income (loss)	(725)	1,705	(20)	(4,778)	(5,326)
Comprehensive income (loss)	\$ 2,082	\$ 4,705	\$ 3,580	\$ (1,263)	\$ (2,134)

PSB Holdings, Inc.
Nonperforming Assets as of:

(dollars in thousands)	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022
Nonaccrual loans (excluding restructured loans)	\$ 6,000	\$ 5,773	\$ 5,879	\$ 6,048	\$ 6,036
Nonaccrual restructured loans	50	57	62	70	146
Restructured loans not on nonaccrual	261	265	270	4,904	5,137
Accruing loans past due 90 days or more	-	-	-	-	-
Total nonperforming loans	6,311	6,095	6,211	11,022	11,319
Other real estate owned	-	-	160	160	160
Total nonperforming assets	\$ 6,311	\$ 6,095	\$ 6,371	\$ 11,182	\$ 11,479
Nonperforming loans as a % of gross loans receivable	0.60%	0.62%	0.64%	1.16%	1.21%
Total nonperforming assets as a % of total assets	0.45%	0.45%	0.48%	0.85%	0.88%
Allowance for loan losses as a % of nonperforming loans	177.63%	191.63%	197.92%	112.28%	109.48%

PSB Holdings, Inc.
Nonperforming Assets >= \$500,000 net book value before specific reserves
At June 30, 2023
(dollars in thousands)

Collateral Description	Asset Type	Gross Principal	Specific Reserves
Real estate - Buffet Style Restaurant	Nonaccrual	\$ 2,807	\$ 1,058
Real estate - Independent Auto Repair	Nonaccrual	726	34
Total listed nonperforming assets		\$ 3,533	\$ 1,112
Total bank wide nonperforming assets		\$ 6,311	\$ 1,638
Listed assets as a % of total nonperforming assets		56%	68%

PSB Holding, Inc.
Loan Composition by Purpose

Quarter-ended (dollars in thousands)	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022
Residential real estate:					
One to four family	\$ 199,100	\$ 187,325	\$ 182,688	\$ 172,913	\$ 169,437
HELOC loans	19,498	18,141	17,625	18,423	17,776
Residential construction & development	18,634	22,014	20,698	22,313	22,462
Residential vacant land	1,111	1,223	1,414	3,069	1,599
Total Residential real estate	238,343	228,703	222,425	216,718	211,274

Commercial/Agricultural real estate:

Owner occupied					
Commercial real estate	238,608	237,217	220,375	211,008	205,976
SBA commercial real estate	2,078	2,112	2,514	2,616	2,458
Agriculture real estate	3,563	3,681	3,835	3,902	3,583
Construction and land development	1,691	2,825	22,330	32,158	31,465
Commercial vacant land	7,223	6,712	7,291	5,214	5,351
Total Owner occupied	253,163	252,547	256,345	254,898	248,833
Non-owner occupied					
Commercial real estate	240,010	226,280	228,761	225,823	227,400
One to four family residential rental	67,854	65,673	64,764	66,224	61,749
Construction and land development	49,310	41,272	27,253	25,543	25,086
Commercial vacant land	10,424	3,928	3,862	4,010	4,287
Total Non-owner occupied	367,598	337,153	324,640	321,600	318,522
Commercial/Agricultural non-real estate:					
Municipal non-real estate	25,223	6,430	9,915	7,133	6,352
Commercial line	73,651	57,727	63,173	56,154	65,728
Other commercial non-real estate	92,519	92,419	87,535	82,430	76,065
SBA commercial non-real estate	3,787	3,997	3,533	3,378	3,926
Agricultural non-real estate	1,204	1,250	1,290	1,491	1,409
Total Commercial/Agr. non-real estate	196,384	161,823	165,446	150,586	153,480
Consumer non-real estate:					
Consumer installment	3,483	3,357	4,072	4,005	4,305
Consumer line	441	529	382	494	493
Other consumer	106	108	115	116	123
Total Consumer non-real estate	4,030	3,994	4,569	4,615	4,921
Gross loans	1,059,518	984,220	973,425	948,417	937,030
Net deferred loan costs (fees)	605	542	573	537	503
Overdrafts	121	101	160	107	119
Allowance for loan losses	(11,922)	(11,593)	(12,293)	(12,375)	(12,392)
Total loans receivable	\$ 1,048,322	\$ 973,270	\$ 961,865	\$ 936,686	\$ 925,260

PSB Holding, Inc.

Selected Commercial Real Estate Loans by Purpose

(dollars in thousands)	Jun 30,		Mar 31,		Dec 31,		Sep 30,		Jun 30,	
	2023		2023		2022		2022		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	\$ 119,573	12.4%	\$ 121,559	13.0%	\$ 120,232	13.1%	\$ 141,414	15.6%	\$ 143,074	15.7%
Industrial and Warehousing	\$ 84,049	8.7%	\$ 78,934	8.5%	\$ 76,536	8.3%	\$ 83,033	9.1%	\$ 79,073	8.7%
Retail	\$ 34,004	3.5%	\$ 34,427	3.7%	\$ 32,587	3.5%	\$ 39,279	4.3%	\$ 39,013	4.3%
Hotels	\$ 33,329	3.5%	\$ 31,069	3.3%	\$ 32,940	3.6%	\$ 26,958	3.0%	\$ 26,948	3.0%
Office	\$ 8,395	0.9%	\$ 8,544	0.9%	\$ 8,652	0.9%	\$ 8,758	1.0%	\$ 8,862	1.0%

(1) Percentage of portfolio and commitments.

PSB Holdings, Inc.
Deposit Composition

Insured and Collateralized Deposits (dollars in thousands)	June 30,		March 31,		December 31,		September 30,		June 30,	
	2023		2023		2022		2022		2022	
	\$	%	\$	%	\$	%	\$	%	\$	%
Non-interest bearing demand	\$ 201,351	17.6%	\$ 205,350	18.6%	\$ 203,115	17.7%	\$ 216,116	18.7%	\$ 207,852	18.6%
Interest-bearing demand and savings	310,006	27.1%	329,364	29.7%	345,854	30.1%	348,989	30.4%	331,034	29.7%
Money market deposits	126,851	11.1%	128,576	11.6%	131,400	11.4%	130,126	11.3%	132,374	11.9%
Retail and local time deposits <= \$250	140,572	12.3%	136,090	12.3%	130,205	11.3%	132,095	11.5%	136,230	12.2%
Total core deposits	778,780	68.1%	799,380	72.2%	810,574	70.5%	827,326	71.9%	807,490	72.4%
Retail and local time deposits > \$250	20,250	1.8%	17,000	1.5%	14,500	1.3%	12,250	1.1%	13,000	1.2%
Broker & national time deposits <= \$250	3,965	0.3%	5,953	0.5%	6,451	0.6%	6,700	0.6%	7,443	0.7%
Broker & national time deposits > \$250	93,956	8.2%	74,485	6.8%	82,439	7.2%	82,439	7.2%	56,255	5.1%
Totals	\$ 896,951	78.4%	\$ 896,818	81.0%	\$ 913,964	79.6%	\$ 928,715	80.8%	\$ 884,188	79.4%

PSB Holdings, Inc.
Deposit Composition

Uninsured Deposits (dollars in thousands)	June 30,		March 31,		December 31,		September 30,		June 30,	
	2023		2023		2022		2022		2022	
	\$	%	\$	%	\$	%	\$	%	\$	%
Non-interest bearing demand	\$ 80,802	7.1%	\$ 62,486	5.6%	\$ 89,223	7.7%	\$ 82,219	7.2%	\$ 75,740	6.8%
Interest-bearing demand and savings	22,604	2.0%	24,854	2.2%	49,917	4.3%	28,842	2.5%	45,116	4.1%
Money market deposits	127,871	11.2%	109,894	10.0%	84,673	7.4%	98,493	8.6%	94,533	8.5%
Retail and local time deposits <= \$250	0	0.0%	0	0.0%	0	0.0%	-	0.0%	-	0.0%
Total core deposits	231,277	20.3%	197,234	17.8%	223,813	19.4%	209,554	18.3%	215,389	19.4%
Retail and local time deposits > \$250	14,906	1.3%	13,541	1.2%	10,978	1.0%	10,549	0.9%	13,882	1.2%
Broker & national time deposits <= \$250	0	0.0%	0	0.0%	0	0.0%	-	0.0%	-	0.0%
Broker & national time deposits > \$250	0	0.0%	0	0.0%	0	0.0%	-	0.0%	-	0.0%
Totals	\$ 246,183	21.6%	\$ 210,775	19.0%	\$ 234,791	20.4%	\$ 220,103	19.2%	\$ 229,271	20.6%

PSB Holdings, Inc.
Deposit Composition

Total Deposits (dollars in thousands)	June 30,		March 31,		December 31,		September 30,		June 30,	
	2023		2023		2022		2022		2022	
	\$	%	\$	%	\$	%	\$	%	\$	%
Non-interest bearing demand	\$ 282,153	24.7%	\$ 267,836	24.2%	\$ 292,338	25.4%	\$ 298,335	26.0%	\$ 283,592	25.5%
Interest-bearing demand and savings	332,610	29.1%	354,218	32.0%	395,771	34.5%	377,831	32.9%	376,150	33.8%
Money market deposits	254,722	22.3%	238,470	21.5%	216,073	18.8%	228,619	19.9%	226,907	20.4%
Retail and local time deposits <= \$250	140,572	12.3%	136,090	12.3%	130,205	11.3%	132,095	11.4%	136,230	12.1%
Total core deposits	1,010,057	88.4%	996,614	90.0%	1,034,387	90.0%	1,036,880	90.2%	1,022,879	91.8%
Retail and local time deposits > \$250	35,156	3.1%	30,541	2.8%	25,478	2.2%	22,799	2.0%	26,882	2.4%
Broker & national time deposits <= \$250	3,965	0.3%	5,953	0.5%	6,451	0.6%	6,700	0.6%	7,443	0.7%
Broker & national time deposits > \$250	93,956	8.2%	74,485	6.7%	82,439	7.2%	82,439	7.2%	56,255	5.1%
Totals	\$1,143,134	100.0%	\$1,107,593	100.0%	\$1,148,755	100.0%	\$1,148,818	100.0%	\$1,113,459	100.0%

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

Quarter ended June 30, 2023			Quarter ended March 31, 2023			Quarter ended June 30, 2022		
Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate

Assets										
Interest-earning assets:										
Loans (1)(2)	\$ 1,012,105	\$ 12,726	5.04%	\$ 976,395	\$ 11,788	4.90%	\$ 917,065	\$ 9,305	4.07%	
Taxable securities	196,048	1,327	2.71%	199,705	1,331	2.70%	205,040	859	1.68%	
Tax-exempt securities (2)	81,758	677	3.32%	81,932	680	3.37%	79,936	680	3.41%	
FHLB stock	5,366	51	3.81%	3,059	50	6.63%	2,650	16	2.42%	
Other	7,254	94	5.20%	9,024	98	4.40%	20,651	36	0.70%	
Total (2)	1,302,531	14,875	4.58%	1,270,115	13,947	4.45%	1,225,342	10,896	3.57%	
Non-interest-earning assets:										
Cash and due from banks	15,632			17,255			18,731			
Premises and equipment, net	13,336			13,332			13,039			
Cash surrender value ins	24,530			24,982			24,510			
Other assets	23,090			23,193			21,639			
Allowance for loan losses	(11,756)			(12,366)			(12,355)			
Total	\$ 1,367,363			\$ 1,336,511			\$ 1,290,906			
Liabilities & stockholders' equity										
Interest-bearing liabilities:										
Savings and demand deposits	\$ 344,435	\$ 1,035	1.21%	\$ 373,557	\$ 1,053	1.14%	\$ 379,734	\$ 122	0.13%	
Money market deposits	243,073	1,189	1.96%	225,624	830	1.49%	217,639	121	0.22%	
Time deposits	247,007	1,437	2.33%	245,562	1,106	1.83%	224,539	352	0.63%	
FHLB borrowings	127,441	1,200	3.78%	68,833	547	3.22%	62,659	234	1.50%	
Other borrowings	5,588	48	3.45%	10,025	62	2.51%	5,028	4	0.32%	
Senior sub. notes	4,770	58	4.88%	5,159	62	4.87%	2,500	28	4.49%	
Junior sub. debentures	12,857	242	7.55%	12,832	234	7.40%	12,755	179	5.63%	
Total	985,171	5,209	2.12%	941,592	3,894	1.68%	904,854	1,040	0.46%	
Non-interest-bearing liabilities:										
Demand deposits	263,524			279,348			277,402			
Other liabilities	11,906			12,208			10,389			
Stockholders' equity	106,762			103,363			98,261			
Total	\$ 1,367,363			\$ 1,336,511			\$ 1,290,906			
Net interest income		\$ 9,666			\$ 10,053			\$ 9,856		
Rate spread			2.46%			2.77%			3.11%	
Net yield on interest-earning assets			2.98%			3.21%			3.23%	

(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, 2023			Six months ended June 30, 2022		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets						
Interest-earning assets:						
Loans (1)(2)	\$ 994,349	\$ 24,514	4.97%	\$ 904,232	\$ 18,370	4.10%
Taxable securities	197,866	2,658	2.71%	210,968	1,621	1.55%
Tax-exempt securities (2)	81,844	1,357	3.34%	83,808	1,354	3.26%
FHLB stock	4,219	101	4.83%	2,648	50	3.81%
Other	8,143	192	4.75%	20,326	44	0.44%
Total (2)	1,286,421	28,822	4.52%	1,221,982	21,439	3.54%
Non-interest-earning assets:						
Cash and due from banks	16,439			18,366		
Premises and equipment, net	13,334			12,886		
Cash surrender value ins	24,755			24,436		
Other assets	23,139			19,192		

Allowance for loan losses	(12,016)			(12,316)			
Total	\$ 1,352,072			\$ 1,284,546			
Liabilities & stockholders' equity							
Interest-bearing liabilities:							
Savings and demand deposits	\$ 358,916	\$ 2,088	1.17%	\$ 387,952	\$ 191	0.10%	
Money market deposits	234,044	2,019	1.74%	217,529	210	0.19%	
Time deposits	246,289	2,543	2.08%	211,557	637	0.61%	
FHLB borrowings	98,299	1,747	3.58%	56,961	403	1.43%	
Other borrowings	7,794	110	2.85%	5,736	6	0.21%	
Senior sub. notes	5,030	120	4.81%	2,500	56	4.52%	
Junior sub. debentures	12,844	476	7.47%	12,742	345	5.46%	
Total	963,216	9,103	1.91%	894,977	1,848	0.42%	
Non-interest-bearing liabilities:							
Demand deposits	271,310			274,598			
Other liabilities	12,231			11,400			
Stockholders' equity	105,315			103,571			
Total	\$ 1,352,072			\$ 1,284,546			
Net interest income		\$ 19,719			\$ 19,591		
Rate spread			2.61%			3.12%	
Net yield on interest-earning assets			3.09%			3.23%	

(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%.

Source: PSB Holdings, Inc.