NEWS RELEASE

PSB Holdings, Inc. Reports Second Quarter 2024 Earnings of $0.56 Per Share, Net Interest Margin and Tangible Book Value Increase

2024-07-22

WAUSAU, Wis., July 22, 2024 (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, 2024 of $0.56 per common share on net income of $2.3 million, compared to $0.39 per common share on net income of $1.6 million during the first quarter ending March 31, 2024, and $0.64 per common share on net income of $2.7 million during the second quarter ending June 30, 2023.

PSB’s second quarter 2024 operating results reflected the following changes from the first quarter of 2024: (1) higher net interest income as asset yields increased 9 basis points while funding costs increased only 6 basis points; (2) higher non-interest income due primarily to no losses on the sale of investment securities during the current quarter and higher mortgage banking income; and (3) an increase in the effective tax rate to 14.4% from 8.9% the previous quarter.

“During the second quarter of 2024, we started seeing some positive developments in our operation that should translate to improved profitability in future quarters. Our net interest margin has started to expand, operating expenses excluding severance charges declined, and we are hopeful to return some non-performing assets to performing assets by the end of 2024. Should interest rates remain stable or decline through the remainder of 2024, we expect to see continued growth in our tangible book value and increased earnings,” stated Scott Cattanach, President and CEO.

June 30, 2024, Highlights:

- Net interest income increased to $9.4 million for the quarter ended June 30, 2024, from $9.3 million for the quarter ended March 31, 2024, as increases in asset and loan yields outpaced the increases in funding costs.

- Noninterest income increased to $1.9 million for the quarter ended June 30, 2024, compared to $1.0 million the prior quarter. The prior quarter reflected a loss on the sale of investment securities as the Company repositioned the investment portfolio into higher yielding investments. The increase in non-interest income also reflected an increase in mortgage banking income and investment and insurance sales commissions.
- Noninterest expenses increased nominally during the quarter ended June 30, 2024, reflecting slight increases in salary and benefit expenses. Included in salary and benefit expenses for the second quarter were severance expenses totaling approximately $404,000.
- Tangible book value per common share increased to $24.55 at June 30, 2024, compared to $24.21 one quarter earlier and $22.64 at June 30, 2023. During the second quarter ended June 30, 2024, tangible book value per share was positively influenced by net income, intangible asset amortization, and stock repurchase activity offset by dividend payments.
- Loans decreased $6.6 million in the second quarter ended June 30, 2024, to $1.07 billion largely due to the repayment of a $17 million, low yielding municipal loan. Allowance for credit losses increased to 1.16% of gross loans.
- Total deposits increased $39.0 million during the quarter ended June 30, 2024, to $1.15 billion, though a large portion of the increase was attributable to an overnight deposit at June 30, 2024 by one depositor that has since drawn down the balance. Meanwhile, deposit expenses decreased $244,000 as the Bank increased the level of non-interest bearing deposits and replaced higher costing brokered deposits with money market deposits.
- Return on tangible common equity was 9.34% for the quarter ended June 30, 2024, compared to 6.57% the prior quarter and 11.23% one year earlier.

Balance Sheet and Asset Quality Review

Total assets increased $67.1 million to $1.49 billion at June 30, 2024. Cash and cash equivalents increased $70.1 million, to $86.0 million at June 30, 2024, compared to $15.9 million the previous quarter. The higher cash and cash equivalent level primarily reflects a large customer overnight deposit of approximately $49 million at June 30, 2024, since withdrawn. Investment securities available for sale decreased $389,000 to $165.2 million at June 30, 2024, from $165.6 million one quarter earlier. Total collateralized liquidity available to meet cash demands was approximately $352 million at June 30, 2024, with an additional $328 million that could be raised in a short time frame from the brokered CDs market.

Total loans receivable decreased $6.6 million to $1.07 billion at June 30, 2024, due primarily to the repayment of a low yielding municipal commercial loan of approximately $17 million. Commercial non-real estate loans decreased $11.6 million to $148.2 million at June 30, 2024, from $159.7 million one quarter earlier. Meanwhile, commercial real estate loans increased $5.1 million to $614.7 million at June 30, 2024, from $609.6 million the prior quarter. Residential real estate loans increased slightly from the prior quarter to $340.9 million from $339.8 million. The loan

portfolio remains well diversified with commercial real estate loans totaling 55.5% of gross loans followed by residential real estate loans at 30.7% of gross loans, commercial non-real estate loans at 13.4% and consumer loans at 0.4%.

The allowance for credit losses increased slightly to 1.16% of gross loans at June 30, 2024, from 1.14% the prior quarter. Annualized net charge-offs to average loans were zero for the last four quarters ending June 30, 2024, compared to net recoveries of 0.07% one year earlier. Non-performing assets totaled 0.84% of total assets at June 30, 2024, compared to 0.83% at March 31, 2024. For the sixth consecutive quarter, the Bank did not own any foreclosed real estate.

Total deposits increased $39.0 million to $1.15 billion at June 30, 2024, from $1.11 billion at March 31, 2024. The increase in deposits reflects a $47.7 million increase in money market deposits and a $2.8 million increase in non-interest bearing deposits partially offset by a $3.2 million decrease in retail and local time deposits, a $2.1 million decrease in interest bearing demand and savings deposits and a $6.2 million reduction in broker and national time deposits. The increase in money market deposits reflected a deposit of approximately $49 million towards the end of the second quarter of 2024 by an existing business customer. These deposits were drawn down in the third quarter of 2024.

The composition of funding sources changed during the second quarter of 2024 as management relied less on brokered and national time deposits. At June 30, 2024, money market deposits and retail time deposits increased to 44.1% of deposits, compared to 41.6% at March 31, 2024. Uninsured and uncollateralized deposits increased to 24.0% of total deposits at June 30, 2024, from 19.3% of total deposits at March 31, 2024. FHLB advances increased to $184.9 million at June 30, 2024, compared to $158.3 million at March 31, 2024. FHLB advances were used to fund repayment of certain brokered deposit maturities and supplement local deposit changes.

Tangible stockholder equity as a percent of total tangible assets was 7.32% at June 30, 2024, compared to 7.60% at March 31, 2024, and 7.22% at June 30, 2023.

Tangible net book value per common share increased $1.91, to $24.55, at June 30, 2024, compared to $22.64 one year earlier, an increase of 8.4%. Additionally, total dividends of $0.62 were paid to shareholders. Relative to the prior quarter, tangible net book value per common share increased $0.24 due to continued earnings. The accumulated other comprehensive loss on the investment portfolio was $20.5 million at June 30, 2024, compared to $20.8 million one quarter earlier.

Operations Review

Net interest income increased to $9.4 million (on a net margin of 2.84%) for the second quarter of 2024, from $9.3

million (on a net margin of 2.80%) for the first quarter of 2024, and decreased from $9.5 million (on a net margin of 2.98%) for the second quarter of 2023. Earning asset yields increased 9 basis points to 5.21% during the second quarter of 2024 from 5.12% during the first quarter of 2024, while interest bearing deposit and borrowing costs increased only 6 basis points to 3.06% compared to 3.00% during the first quarter of 2024.

The increase in earning asset yields was primarily due to higher yields on loan originations, renewals and the repayment of a low yielding municipal loan during the quarter. Loan yields increased during the second quarter of 2024 to 5.67% from 5.59% for the first quarter of 2024, up 8 basis points. Taxable security yields were 3.02% for the quarter ended June 30, 2024, compared to 2.80% for the quarter ended March 31, 2024, up 22 basis points.

The cost of all deposits was 2.11% for the quarter ended June 30, 2024, compared to 2.15% the prior quarter, down 4 basis points while the overall cost of funds increased 6 basis points from 3.00% to 3.06% during the same time period. Deposit costs for savings and demand deposits decreased during the quarter ended June 30, 2024, to 1.78% from 1.92% the prior quarter. During the prior quarter, the Company accepted seasonally high yield municipal deposits which have now been drawn down. The cost of money market deposits also declined during the second quarter to 2.72% from 2.78% the prior quarter. The cost of time deposits and FHLB advances continued to increase and were primarily responsible for the rise in the Bank's cost of funds in the current quarter. The cost of time deposits increased to 3.97% for the second quarter ended June 30, 2024 from 3.82% the prior quarter. FHLB advance costs rose to 4.28% during the second quarter ended June 30, 2024, from 4.08% the prior quarter.

Total noninterest income increased for the second quarter of 2024 to $1.91 million, from $1.04 million for the first quarter of 2024. The first quarter reflected investment restructuring activity resulting in a loss on the sale of investment securities of $495,000. There were no restructuring activities in the second quarter that resulted in security losses. Mortgage banking income increased by $125,000 to $433,000 in the June 30, 2024 quarter. At June 30, 2024, the Bank serviced $369.4 million in secondary market residential mortgage loans for others which provides fee income.

Noninterest expenses increased slightly to $8.4 million for the second quarter of 2024, compared to $8.3 million for the first quarter of 2024. The second quarter ended June 30, 2024, reflected slightly higher salary and benefit expenses and higher advertising and promotion expenses. The salary and benefit expenses included approximately $404,000 in severance costs.

Taxes increased $241,000 during the second quarter to $410,000, from $169,000 one quarter earlier. The increase generally reflects higher pre-tax income. The effective tax rate for the quarter ended June 30, 2024, was 14.3% compared to 8.9% for the first quarter ended March 31, 2024, and 18.8% for the second quarter ended June 30, 2023.

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 and a loan production office in Dane County. Peoples also provides investment and insurance products, along with retirement planning services, through Peoples Wealth Management, a division of Peoples. PSB Holdings, Inc. is traded under the stock symbol PSBQ on the OTCQX Market. More information about PSB, its management, and its financial performance may be found at **www.psbholdingsinc.com**.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates and projections about PSB's business based, in part, on assumptions made by management and include, without limitation, statements with respect to the potential growth of PSB, its future profits, expected stock repurchase levels, future dividend rates, future interest rates, and the adequacy of its capital position. Forward-looking statements can be affected by known and unknown risks, uncertainties, and other factors, including, but not limited to, strength of the economy, the effects of government policies, including interest rate policies, risks associated with the execution of PSB's vision and growth strategy, including with respect to current and future M&A activity, and risks associated with global economic instability. The forward-looking statements in this press release speak only as of the date on which they are made and PSB does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this release.

PSB Holdings, Inc.
Consolidated Balance Sheets
June 30, and March 31, 2024, September 30, and June 30, 2023, unaudited, December 31, 2023 derived from audited financial statements

(dollars in thousands, except per share data)	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023
Assets					
Cash and due from banks	$ 16,475	$ 13,340	$ 20,887	$ 12,881	$ 27,409
Interest-bearing deposits	251	105	1,431	668	892
Federal funds sold	69,249	2,439	5,462	7,764	16,138
Cash and cash equivalents	85,975	15,884	27,780	21,313	44,439
Securities available for sale (at fair value)	165,177	165,566	164,024	160,883	167,382
Securities held to maturity (fair values of $79,993, $81,234, $82,514, $75,236 and $81,489 respectively)	86,825	87,104	87,081	86,908	87,335
Equity securities	1,661	1,474	1,474	2,273	2,178
Loans held for sale	2,268	865	230	971	151

Loans receivable, net (allowance for credit losses of $12,597, $12,494, $12,302, $12,267 and $11,922 respectively)	1,074,844	1,081,394	1,078,475	1,098,019	1,048,322
Accrued interest receivable	5,046	5,467	5,136	4,716	4,274
Foreclosed assets	-	-	-	-	-
Premises and equipment, net	14,048	13,427	13,098	13,242	13,256
Mortgage servicing rights, net	1,688	1,657	1,664	1,684	1,666
Federal Home Loan Bank stock (at cost)	8,825	7,006	6,373	6,373	6,359
Cash surrender value of bank-owned life insurance	24,401	24,242	24,085	23,931	23,776
Core deposit intangible	229	249	273	297	321
Goodwill	2,541	2,541	2,541	2,541	2,541
Other assets	12,111	11,682	11,866	14,094	14,933
TOTAL ASSETS	$ 1,485,639	$ 1,418,558	$ 1,424,100	$ 1,437,245	$ 1,416,933
Liabilities					
Non-interest-bearing deposits	$ 250,435	$ 247,608	$ 266,829	$ 288,765	$ 282,153
Interest-bearing deposits	901,886	865,744	874,973	883,474	860,981
Total deposits	1,152,321	1,113,352	1,141,802	1,172,239	1,143,134
Federal Home Loan Bank advances	184,900	158,250	134,000	128,000	133,000
Other borrowings	5,775	8,096	8,058	5,660	5,730
Senior subordinated notes	4,778	4,776	4,774	4,772	4,771
Junior subordinated debentures	12,972	12,947	12,921	12,896	12,870
Allowance for credit losses on unfunded commitments	477	477	577	512	712
Accrued expenses and other liabilities	13,069	10,247	12,681	10,258	11,783
Total liabilities	1,374,292	1,308,145	1,314,813	1,334,337	1,312,000
Stockholders' equity					
Preferred stock - no par value: Authorized - 30,000 shares; no shares issued or outstanding Outstanding - 7,200 shares, respectively	7,200	7,200	7,200	7,200	7,200
Common stock - no par value with a stated value of $1.00 per share: Authorized - 18,000,000 shares; Issued - 5,490,798 shares Outstanding - 4,128,382, 4,147,649, 4,164,735, 4,174,197 and 4,190,252 shares, respectively	1,830	1,830	1,830	1,830	1,830
Additional paid-in capital	8,527	8,466	8,460	8,421	8,382
Retained earnings	135,276	134,271	132,666	131,624	130,396
Accumulated other comprehensive income (loss), net of tax	(20,503)	(20,775)	(20,689)	(26,190)	(23,240)
Treasury stock, at cost - 1,362,416, 1,343,149, 1,326,063, 1,316,601 and 1,300,546 shares, respectively	(20,983)	(20,579)	(20,180)	(19,977)	(19,635)
Total stockholders' equity	111,347	110,413	109,287	102,908	104,933
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,485,639	$ 1,418,558	$ 1,424,100	$ 1,437,245	$ 1,416,933

PSB Holdings, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Quarter Ended Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Six Months Ended June 2024	2023
Interest and dividend income:							
Loans, including fees	$ 15,433	$ 15,109	$ 14,888	$ 14,263	$ 12,709	$ 30,542	$ 24,482
Securities:							
Taxable	1,295	1,197	1,147	1,114	1,327	2,492	2,658
Tax-exempt	521	526	532	533	535	1,047	1,072
Other interest and dividends	265	343	320	238	145	608	293
Total interest and dividend income	17,514	17,175	16,887	16,148	14,716	34,689	28,505
Interest expense:							
Deposits	5,838	6,082	5,526	4,817	3,661	11,920	6,650
FHLB advances	1,860	1,450	1,349	1,321	1,200	3,310	1,747
Other borrowings	58	60	54	51	48	118	110
Senior subordinated notes	58	59	59	59	58	117	120
Junior subordinated debentures	255	251	254	255	242	506	476

Total interest expense	8,069	7,902	7,242	6,503	5,209	15,971	9,103
Net interest income	9,445	9,273	9,645	9,645	9,507	18,718	19,402
Provision for credit losses	100	95	100	150	100	195	200
Net interest income after provision for credit losses	9,345	9,178	9,545	9,495	9,407	18,523	19,202
Noninterest income:							
Service fees	350	336	360	349	378	686	739
Mortgage banking income	433	308	247	345	311	741	636
Investment and insurance sales commissions	222	121	100	158	287	343	652
Net loss on sale of securities	-	(495)	(297)	-	(279)	(495)	(279)
Increase in cash surrender value of life insurance	159	157	154	155	149	316	306
Life insurance death benefit	-	-	-	-	533	-	533
Other noninterest income	742	617	540	675	605	1,359	1,347
Total noninterest income	1,906	1,044	1,104	1,682	1,984	2,950	3,934
Noninterest expense:							
Salaries and employee benefits	5,167	5,123	4,244	4,514	4,884	10,290	9,890
Occupancy and facilities	733	721	675	689	698	1,454	1,397
Loss (gain) on foreclosed assets	-	-	1	-	4	-	(46)
Data processing and other office operations	1,047	1,022	1,001	953	951	2,069	1,831
Advertising and promotion	171	129	244	161	166	300	328
Core deposit intangible amortization	20	24	24	24	27	44	61
Other noninterest expenses	1,257	1,306	1,169	1,113	1,202	2,563	2,275
Total noninterest expense	8,395	8,325	7,358	7,454	7,932	16,720	15,736
Income before provision for income taxes	2,856	1,897	3,291	3,723	3,459	4,753	7,400
Provision for income taxes	410	169	878	2,374	652	579	1,593
Net income	$ 2,446	$ 1,728	$ 2,413	$ 1,349	$ 2,807	$ 4,174	$ 5,807
Preferred stock dividends declared	$ 122	$ 122	$ 122	$ 122	$ 122	$ 244	$ 244
Net income available to common shareholders	$ 2,324	$ 1,606	$ 2,291	$ 1,227	$ 2,685	$ 3,930	$ 5,563
Basic earnings per common share	$ 0.56	$ 0.39	$ 0.55	$ 0.29	$ 0.64	$ 0.95	$ 1.31
Diluted earnings per common share	$ 0.56	$ 0.39	$ 0.55	$ 0.29	$ 0.64	$ 0.95	$ 1.31

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

	Quarter ended				
Earnings and dividends:	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023
Interest income	$ 17,514	$ 17,175	$ 16,887	$ 16,148	$ 14,716
Interest expense	$ 8,069	$ 7,902	$ 7,242	$ 6,503	$ 5,209
Net interest income	$ 9,445	$ 9,273	$ 9,645	$ 9,645	$ 9,507
Provision for credit losses	$ 100	$ 95	$ 100	$ 150	$ 100
Other noninterest income	$ 1,906	$ 1,044	$ 1,104	$ 1,682	$ 1,984
Other noninterest expense	$ 8,395	$ 8,325	$ 7,358	$ 7,454	$ 7,932
Net income available to common shareholders	$ 2,324	$ 1,606	$ 2,291	$ 1,227	$ 2,685
Basic earnings per common share (3)	$ 0.56	$ 0.39	$ 0.55	$ 0.29	$ 0.64
Diluted earnings per common share (3)	$ 0.56	$ 0.39	$ 0.55	$ 0.29	$ 0.64
Dividends declared per common share (3)	$ 0.32	$ -	$ 0.30	$ -	$ 0.30
Tangible net book value per common share (4)	$ 24.55	$ 24.21	$ 23.84	$ 22.25	$ 22.64
Semi-annual dividend payout ratio	33.60%	n/a	38.14%	n/a	27.38%
Average common shares outstanding	4,139,456	4,154,702	4,168,924	4,186,940	4,218,226

Balance sheet - average balances:

Loans receivable, net of allowances for credit loss	$ 1,088,013	$ 1,081,936	$ 1,081,851	$ 1,076,158	$ 1,000,349
Assets	$ 1,433,749	$ 1,429,437	$ 1,424,240	$ 1,425,522	$ 1,367,363
Deposits	$ 1,111,240	$ 1,138,010	$ 1,148,399	$ 1,149,624	$ 1,098,039
Stockholders' equity	$ 110,726	$ 109,473	$ 105,060	$ 105,745	$ 106,762
Performance ratios:					
Return on average assets (1)	0.69%	0.49%	0.67%	0.38%	0.82%
Return on average common stockholders' equity (1)	9.03%	6.32%	9.29%	4.94%	10.82%
Return on average tangible common stockholders' equity (1)(4)	9.34%	6.57%	9.64%	5.17%	11.23%
Net loan charge-offs to average loans (1)	0.00%	0.00%	0.00%	0.00%	-0.07%
Nonperforming loans to gross loans	1.15%	1.08%	0.54%	0.55%	0.60%
Nonperforming assets to total assets	0.84%	0.83%	0.42%	0.42%	0.45%
Allowance for credit losses to gross loans	1.16%	1.14%	1.13%	1.10%	1.12%
Nonperforming assets to tangible equity plus the allowance for credit losses (4)	11.09%	10.59%	5.38%	5.87%	5.96%
Net interest rate margin (1)(2)	2.84%	2.80%	2.88%	2.88%	2.98%
Net interest rate spread (1)(2)	2.15%	2.12%	2.20%	2.27%	2.46%
Service fee revenue as a percent of average demand deposits (1)	0.56%	0.54%	0.52%	0.50%	0.58%
Noninterest income as a percent of gross revenue	9.81%	5.73%	6.14%	9.43%	11.88%
Efficiency ratio (2)	72.52%	78.93%	67.04%	64.58%	68.09%
Noninterest expenses to average assets (1)	2.35%	2.34%	2.05%	2.07%	2.33%
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets	9.03%	8.98%	8.88%	9.00%	9.33%
Tangible equity to tangible assets (4)	7.32%	7.60%	7.49%	6.98%	7.22%
Stock price information:					
High	$ 21.40	$ 22.50	$ 22.30	$ 22.50	$ 21.38
Low	$ 19.75	$ 20.05	$ 20.10	$ 20.35	$ 19.75
Last trade value at quarter-end	$ 20.40	$ 21.25	$ 22.11	$ 21.15	$ 20.35

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

PSB Holdings, Inc.
Consolidated Statements of Comprehensive Income

(dollars in thousands - unaudited)	Quarter Ended Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023
Net income	$ 2,446	$ 1,728	$ 2,413	$ 1,349	$ 2,807
Other comprehensive income, net of tax:					
Unrealized gain (loss) on securities available for sale	184	(615)	5,278	(3,085)	(1,186)
Reclassification adjustment for security loss included in net income	-	391	280	-	220
Accretion of unrealized loss included in net income on securities available for sale deferred tax adjustment for Wisconsin Act 19	-	(35)	-	-	-
Amortization of unrealized loss included in net income on securities available for sale transferred to securities held to maturity	89	91	91	91	107
Unrealized gain (loss) on interest rate swap	39	123	(109)	79	172
Reclassification adjustment of interest rate swap settlements included in earnings	(40)	(41)	(39)	(35)	(38)

Other comprehensive income (loss)	272	(86)	5,501	(2,950)	(725)
Comprehensive income (loss)	$ 2,718	$ 1,642	$ 7,914	$ (1,601)	$ 2,082

PSB Holdings, Inc.
Nonperforming Assets as of:

(dollars in thousands)	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023
Nonaccrual loans (excluding restructured loans)	$ 12,184	$ 11,498	$ 5,596	$ 5,807	$ 6,000
Nonaccrual restructured loans	28	30	34	42	50
Restructured loans not on nonaccrual	299	304	310	256	261
Accruing loans past due 90 days or more	-	-	-	-	-
Total nonperforming loans	12,511	11,832	5,940	6,105	6,311
Other real estate owned	-	-	-	-	-
Total nonperforming assets	$ 12,511	$ 11,832	$ 5,940	$ 6,105	$ 6,311
Nonperforming loans as a % of gross loans receivable	1.15%	1.08%	0.54%	0.55%	0.60%
Total nonperforming assets as a % of total assets	0.84%	0.83%	0.42%	0.42%	0.45%
Allowance for credit losses as a % of nonperforming loans	100.69%	105.59%	207.10%	200.93%	188.91%

PSB Holdings, Inc.
Nonperforming Assets >= $500,000 net book value before specific reserves
At June 30, 2024
(dollars in thousands)

Collateral Description	Asset Type	Gross Principal	Specific Reserves
Real estate - Buffet Style Restaurant	Nonaccrual	$ 2,545	$ 804
Real estate - Independent Auto Repair	Nonaccrual	587	-
Real estate - Dealership	Nonaccrual	5,053	233
Total listed nonperforming assets		$ 8,185	$ 1,037
Total bank wide nonperforming assets		$ 12,511	$ 1,624
Listed assets as a % of total nonperforming assets		65%	64%

PSB Holdings, Inc.
Loan Composition by Collateral Type

Quarter-ended (dollars in thousands)	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023
Commercial:					
Commercial and industrial	$ 125,508	$ 118,821	$ 117,207	$ 138,299	$ 145,434
Agriculture	11,480	12,081	12,304	12,464	13,326
Municipal	11,190	28,842	31,530	27,186	25,222
Total Commercial	148,178	159,744	161,041	177,949	183,982
Commercial Real Estate:					
Commercial real estate	544,171	546,257	536,209	539,488	490,657
Construction and development	70,540	63,375	81,701	86,456	99,769
Total Commercial Real Estate	614,711	609,632	617,910	625,944	590,426
Residential real estate:					
Residential	270,944	274,300	274,453	274,632	274,692
Construction and development	36,129	34,158	33,960	33,141	41,485
HELOC	33,838	31,357	29,766	29,044	26,220
Total Residential Real Estate	340,911	339,815	338,179	336,817	342,397
Consumer installment	4,423	4,867	4,357	4,350	4,142
Subtotals - Gross loans	1,108,223	1,114,058	1,121,487	1,145,060	1,120,947
Loans in process of disbursement	(21,484)	(20,839)	(31,359)	(35,404)	(61,308)
Subtotals - Disbursed loans	1,086,739	1,093,219	1,090,128	1,109,656	1,059,639
Net deferred loan costs	702	669	649	630	605
Allowance for credit losses	(12,597)	(12,494)	(12,302)	(12,267)	(11,922)
Total loans receivable	$ 1,074,844	$ 1,081,394	$ 1,078,475	$ 1,098,019	$ 1,048,322

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

(dollars in thousands)	June 30, 2024		Mar 31, 2024		Dec 31, 2023		Sept 30, 2023		June 30, 2023	
	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	$ 146,873	15.2%	$ 142,001	14.4%	$ 132,386	13.2%	$ 133,466	13.3%	$ 119,573	12.4%
Industrial and Warehousing	86,025	8.9	85,409	8.6	83,817	8.3	88,906	8.9	84,049	8.7
Retail	34,846	3.6	33,177	3.4	35,419	3.5	35,281	3.5	34,004	3.5
Hotels	34,613	3.6	35,105	3.6	36,100	3.6	31,819	3.2	33,329	3.5
Office	6,518	0.7	6,655	0.7	6,701	0.7	6,746	0.7	8,395	0.9

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

PSB Holdings, Inc.
Deposit Composition

Insured and Collateralized Deposits (dollars in thousands)	June 30, 2024		March 31, 2024		December 31, 2023		September 30, 2023		June 30, 2023	
	$	%	$	%	$	%	$	%	$	%
Non-interest bearing demand	$ 202,342	17.5%	$ 199,077	17.8%	$ 197,571	17.3%	$ 209,133	17.8%	$ 201,351	17.6%
Interest-bearing demand and savings	304,393	26.5%	318,672	28.7%	317,984	27.8%	307,620	26.3%	310,006	27.1%
Money market deposits	137,637	12.0%	143,167	12.9%	142,887	12.5%	135,910	11.6%	126,851	11.1%
Retail and local time deposits <= $250	149,298	13.0%	148,404	13.3%	149,145	13.1%	144,733	12.3%	140,572	12.3%
Total core deposits	793,670	69.0%	809,320	72.7%	807,587	70.7%	797,396	68.0%	778,780	68.1%
Retail and local time deposits > $250	22,500	2.0%	24,508	2.3%	23,000	2.0%	22,750	1.9%	20,250	1.8%
Broker & national time deposits <= $250	1,490	0.1%	2,229	0.2%	3,470	0.3%	3,222	0.3%	3,965	0.3%
Broker & national time deposits > $250	56,328	4.9%	61,752	5.5%	70,020	6.1%	88,614	7.6%	93,956	8.2%
Totals	$ 873,988	76.0%	$ 897,809	80.7%	$ 904,077	79.1%	$ 911,982	77.8%	$ 896,951	78.4%

PSB Holdings, Inc.
Deposit Composition

Uninsured Deposits (dollars in thousands)	June 30, 2024		March 31, 2024		December 31, 2023		September 30, 2023		June 30, 2023	
	$	%	$	%	$	%	$	%	$	%
Non-interest bearing demand	$ 48,092	4.1%	$ 48,532	4.4%	$ 69,258	6.1%	$ 79,632	6.8%	$ 80,802	7.1%
Interest-bearing demand and savings	32,674	2.8%	20,535	1.8%	20,316	1.8%	22,847	1.9%	22,604	2.0%
Money market deposits	177,954	15.4%	124,766	11.2%	124,518	10.9%	133,653	11.4%	127,871	11.2%
Retail and local time deposits <= $250	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total core deposits	258,720	22.3%	193,833	17.4%	214,092	18.8%	236,132	20.1%	231,277	20.3%
Retail and local time deposits > $250	19,613	1.7%	21,710	1.9%	23,633	2.1%	24,120	2.1%	14,906	1.3%
Broker & national time deposits <= $250	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Broker & national time deposits > $250	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Totals	$ 278,333	24.0%	$ 215,543	19.3%	$ 237,725	20.9%	$ 260,252	22.2%	$ 246,183	21.6%

PSB Holdings, Inc.
Deposit Composition

Total Deposits (dollars in thousands)	June 30, 2024		March 31, 2024		December 31, 2023		September 30, 2023		June 30, 2023	
	$	%	$	%	$	%	$	%	$	%
Non-interest bearing demand	$ 250,434	21.6%	$ 247,609	22.2%	$ 266,829	23.4%	$ 288,765	24.7%	$ 282,153	24.7%
Interest-bearing demand and savings	337,067	29.3%	339,207	30.5%	338,300	29.6%	330,467	28.2%	332,610	29.1%
Money market deposits	315,591	27.4%	267,933	24.1%	267,405	23.4%	269,563	22.8%	254,722	22.3%
Retail and local time deposits <= $250	149,298	13.0%	148,404	13.3%	149,145	13.1%	144,738	12.4%	140,572	12.3%
Total core deposits	1,052,390	91.3%	1,003,153	90.1%	1,021,679	89.5%	1,033,533	88.1%	1,010,057	88.4%
Retail and local time deposits > $250	42,113	3.7%	46,218	4.2%	46,633	4.1%	46,870	4.0%	35,156	3.1%
Broker & national time deposits <= $250	1,490	0.1%	2,229	0.2%	3,470	0.3%	3,222	0.3%	3,965	0.3%
Broker & national time deposits > $250	56,328	4.9%	61,752	5.5%	70,020	6.1%	88,614	7.6%	93,956	8.2%
Totals	$1,152,321	100.0%	$1,113,352	100.0%	$1,141,802	100.0%	$1,172,239	100.0%	$1,143,134	100.0%

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

	Quarter ended June 30, 2024			Quarter ended March 31, 2024			Quarter ended June 30, 2023		
	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate
Assets									
Interest-earning assets:									
Loans (1)(2)	$ 1,100,518	$ 15,520	5.67%	$ 1,094,321	$ 15,199	5.59%	$ 1,012,105	$ 12,726	5.04%
Taxable securities	172,563	1,295	3.02%	171,788	1,197	2.80%	196,048	1,327	2.71%
Tax-exempt securities (2)	79,564	659	3.33%	80,434	666	3.33%	81,758	677	3.32%
FHLB stock	7,931	182	9.23%	6,499	165	10.21%	5,366	51	3.81%
Other	8,241	83	4.05%	12,885	178	5.56%	7,254	94	5.20%

Total (2)	1,368,817	17,739	5.21%	1,365,927	17,405	5.12%	1,302,531	14,875	4.58%
Non-interest-earning assets:									
Cash and due from banks	17,345			17,367			15,632		
Premises and equipment, net	13,930			13,183			13,336		
Cash surrender value ins	24,297			24,144			24,530		
Other assets	21,865			21,201			23,090		
Allowance for credit losses	(12,505)			(12,385)			(11,756)		
Total	$ 1,433,749			$ 1,429,437			$ 1,367,363		
Liabilities & stockholders' equity									
Interest-bearing liabilities:									
Savings and demand deposits	$ 331,740	$ 1,467	1.78%	$ 350,497	$ 1,672	1.92%	$ 344,435	$ 1,035	1.21%
Money market deposits	271,336	1,835	2.72%	274,186	1,897	2.78%	243,073	1,189	1.96%
Time deposits	257,006	2,536	3.97%	264,657	2,513	3.82%	247,007	1,437	2.33%
FHLB borrowings	174,596	1,860	4.28%	142,926	1,450	4.08%	127,441	1,200	3.78%
Other borrowings	6,870	58	3.40%	8,554	60	2.82%	5,588	48	3.45%
Senior sub. notes	4,777	58	4.88%	4,775	59	4.97%	4,770	58	4.88%
Junior sub. debentures	12,960	255	7.91%	12,934	251	7.81%	12,857	242	7.55%
Total	1,059,285	8,069	3.06%	1,058,529	7,902	3.00%	985,171	5,209	2.12%
Non-interest-bearing liabilities:									
Demand deposits	251,158			248,670			263,524		
Other liabilities	12,580			12,765			11,906		
Stockholders' equity	110,726			109,473			106,762		
Total	$ 1,433,749			$ 1,429,437			$ 1,367,363		
Net interest income		$ 9,670			$ 9,503			$ 9,666	
Rate spread			2.15%			2.12%			2.46%
Net yield on interest-earning assets			2.84%			2.80%			2.98%

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

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

	Six months ended June 30, 2024			Six months ended June 30, 2023		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets						
Interest-earning assets:						
Loans (1)(2)	$ 1,097,419	$ 30,719	5.63%	$ 994,349	$ 24,514	4.97%
Taxable securities	172,176	2,492	2.91%	197,866	2,658	2.71%
Tax-exempt securities (2)	79,999	1,325	3.33%	81,844	1,357	3.34%
FHLB stock	7,215	347	9.67%	4,219	101	4.83%
Other	10,562	261	4.97%	8,143	192	4.75%
Total (2)	1,367,371	35,144	5.17%	1,286,421	28,822	4.52%
Non-interest-earning assets:						
Cash and due from banks	17,356			16,439		
Premises and equipment, net	13,557			13,334		
Cash surrender value ins	24,221			24,755		
Other assets	21,534			23,139		
Allowance for credit losses	(12,445)			(12,016)		
Total	$ 1,431,594			$ 1,352,072		

Liabilities & stockholders' equity						
Interest-bearing liabilities:						
Savings and demand deposits	$ 341,119	$ 3,139	1.85%	$ 358,916	$ 2,088	1.17%
Money market deposits	272,591	3,732	2.75%	234,044	2,019	1.74%
Time deposits	260,832	5,049	3.89%	246,289	2,543	2.08%
FHLB borrowings	158,761	3,310	4.19%	98,299	1,747	3.58%
Other borrowings	7,712	118	3.08%	7,794	110	2.85%
Senior sub. notes	4,776	117	4.93%	5,030	120	4.81%
Junior sub. debentures	12,947	506	7.86%	12,844	476	7.47%
Total	1,058,738	15,971	3.03%	963,216	9,103	1.91%
Non-interest-bearing liabilities:						
Demand deposits	249,909			271,310		
Other liabilities	12,881			12,231		
Stockholders' equity	110,066			105,315		
Total	$	1,431,594		$	1,352,072	
Net interest income		$ 19,173			$ 19,719	
Rate spread			2.14%			2.61%
Net yield on interest-earning assets			2.82%			3.09%

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

Source: PSB Holdings, Inc.