NEWS RELEASE

PSB Holdings, Inc. Reports Third Quarter 2023 Earnings of $0.29 Per Share; Loan Growth Up 4.7% From Prior Quarter and 17.2% From Prior Year

2023-10-25

WAUSAU, Wis., Oct. 25, 2023 (GLOBE NEWSWIRE) -- PSB Holdings, Inc. (“PSB”) (OTCQX: PSBQ), the holding company for Peoples State Bank (“Peoples”) serving Northcentral and Southeastern Wisconsin reported third quarter earnings ending September 30, 2023 of $0.29 per common share on net income of $1.2 million, compared to $0.64 per common share on net income of $2.7 million during the second quarter ending June 30, 2023, and $0.80 per common share on net income of $3.5 million during the third quarter ending September 30, 2022.

On July 5th, Wisconsin signed into law, and effective January 1, 2023, an interest exemption for financial institutions that lend to Wisconsin commercial borrowers. The change is expected to reduce or eliminate PSB’s state tax expense going forward. However, the current quarter includes cumulative adjustments to deferred tax assets to reflect the new tax law. As a result of this tax regulation change, PSB reversed $1.2 million in income tax expense which had been recorded during the first two quarters of 2023, which increased net income. However, PSB also provided an allowance against Wisconsin deferred tax assets, including those assets related to accumulated other comprehensive income, which increased income tax expense $2.8 million, which lowered net income. Before the cumulative impacts of the Wisconsin income tax regulation change, proforma September 2023 quarterly net income would have been approximately $2.8 million, or $0.66 per common share.

Other impacts to PSB’s third quarter 2023 operating results reflected the following changes from the second quarter of 2023: (1) higher tax expense related to recognition of taxes deferred prior to a change in Wisconsin tax law that eliminated state taxes on certain qualified assets; (2) higher net interest income due to a larger loan balance and rising yields on loans; (3) lower non-interest income due to second quarter income from life insurance death benefit; (4) lower non-interest expense related to lower salary and benefit expenses; (5) higher accumulated other comprehensive loss due to an increase in intermediate interest rates; (6) strong loan growth of $50 million supported by core deposit growth of $24 million; (7) an improved efficiency ratio; and (8) lower non-performing

assets.

“Our net interest income continues to grow despite pressures from rising interest rates. Loan growth continued in the third quarter as the economic environment within our markets remains healthy. We have added new commercial borrowers to our portfolio which has helped attract lower costing deposit relationships, thereby reducing the need for higher costing borrowings and brokered deposits. Additionally, we have recently ramped up our internal capacity to deliver SBA 7(a) loans in an efficient manner which will allow us to fully leverage our SBA Preferred Lender status in markets that we serve,” stated Scott Cattanach, President and CEO. “Despite the quarter’s negative impacts related to deferred tax assets, Wisconsin’s state tax changes are expected to eliminate our state income tax, reducing our effective tax rate on future earnings by approximately 6%.”

September 30, 2023, Highlights:

- Net interest income increased to $9.6 million for the quarter ended September 30, 2023, compared to $9.5 million for the quarter ended June 30, 2023, due to a larger loan portfolio with the addition of higher yielding loans and repricing of interest sensitive assets.
- Loans increased $49.7 million in the third quarter ended September 30, 2023 to $1.1 billion. The largest increase in the loan portfolio consisted of growth in non-owner occupied commercial real estate and one-to-four family residential rental loans.
- Tangible book value per common share was to $22.25 at September 30, 2023 compared to $22.64 one quarter earlier. For the third quarter ended September 30, 2023, tangible book value was positively influenced by net income and intangible asset amortization, offset by higher accumulated other comprehensive loss. The AOCI loss reflected adjustments on the available for sale securities portfolio due to higher interest rates and a lower tax rate. A lower state tax was associated with a change in Wisconsin state tax law which provides for no state tax on income from commercial loans with original balances less than $5.0 million to Wisconsin borrowers.
- Return on tangible common equity was 5.09% for the quarter ended September 30, 2023 compared to 11.14% the prior quarter. The lower return primarily related to higher tax expenses on adoption of Wisconsin state tax law changes.
- Provision for loan losses was $150,000 for the quarter ended September 30, 2023. The provision for the third quarter was largely related to new loan growth.
- Noninterest income was $1.7 million for the quarter ended September 30, 2023 compared to $2.0 million the prior quarter. The prior quarter included a life insurance benefit of $0.5 million.
- Noninterest expenses decreased $479,000 in the third quarter of 2023 to $7.5 million from $7.9 million the

prior quarter. The decrease was primarily related to lower salary and benefit expenses.

Balance Sheet and Asset Quality Review

Total assets increased slightly to $1.44 billion at September 30, 2023, from $1.42 billion at June 30, 2023. Cash and cash equivalents decreased $23.1 million, to $21.3 million at September 30, 2023 compared to $44.4 million the previous quarter. The lower cash and cash equivalent level reflects the use of funds to fund loan growth and reduce borrowings. Investment securities available for sale decreased $6.5 million from maturities and lower fair values to $160.9 million at September 30, 2023 from $167.4 million one quarter earlier. Total collateralized liquidity available to meet cash demands was approximately $350 million at September 30, 2023 with an additional $300 million that could be raised in a short timeframe from the brokered CDs market.

Total loans receivable increased $49.7 million to $1.10 billion at September 30, 2023, from $1.05 billion at June 30, 2023. Over the past year, total loans increased 17.2%. Non-owner occupied loans were the largest addition to the loan portfolio during the most recent quarter, which included commercial real estate, one-to-four family residential rentals and land loans. Total non-owner occupied commercial real estate loans increased $23.4 million, to $263.4 million at September 30, 2023, from $240.0 million the prior quarter. One-to-four family residential rental loans increased $19.0 million from the prior quarter to $86.8 million, while non-owner occupied land loans increased $10.0 million to $20.4 million. The loan portfolio remains well diversified with non-owner occupied commercial loans totaling 37.5% of gross loans followed by owner occupied commercial loans at 23.1% of gross loans. Residential real estate loans decreased to 21.7% of gross loans at September 30, 2023 from 22.5% one quarter earlier. Currently, the lending pipeline is expected to slow from the third quarter pace through the remainder of 2023.

The allowance for loan losses declined slightly to 1.15% of gross loans at September 30, 2023 from 1.19% the prior quarter. Annualized net charge-offs to average loans were zero for the third quarter ended September 30, 2023 compared to net recoveries of 0.07% the prior quarter. Non-performing assets declined to 0.42% of total assets at September 30, 2023 from 0.45% the previous quarter. For the third consecutive quarter, the Bank did not own any foreclosed real estate.

Total deposits increased $29.1 million, or 2.5%, to $1.17 billion at September 30, 2023. Much of the deposit increase was money market deposits (up $14.8 million) and retail jumbo time deposits (up $11.7 million). Meanwhile, brokered deposits decreased $6.1 million and represented 7.9% of total deposits at September 30, 2023 compared to 8.5% one quarter earlier.

The composition of deposits continued to change during the third quarter of 2023 as customers continue to seek higher deposit rates. At September 30, 2023, money market deposits and retail time deposits increased to 39.2% of

deposits, compared to 37.7% at June 30, 2023. Lower-yield demand and savings deposits declined to 52.9% of deposits compared to 53.8% at June 30, 2023. Uninsured and uncollateralized deposits represented 22.2% of total deposits at September 30, 2023 compared to 21.6% at June 30, 2023.

FHLB advances decreased to $128.0 million at September 30, 2023 compared to $133.0 million at June 30, 2023. FHLB advances were reduced as liquidity contingency plans were relaxed from elevated levels surrounding multiple nationally publicized bank failures earlier in the year. Other borrowings remained at $5.7 million at September 30, 2023.

Tangible stockholder equity as a percent of total tangible assets was 6.98% at September 30, 2023, compared to 7.22% at June 30, 2023.

Tangible net book value per common share was $22.25 at September 30, 2023, compared to $22.64 per common share one quarter earlier. Relative to the prior quarter, accumulated other comprehensive loss increased $2.9 million. Higher interest rates decreased the market value on the available for sale securities portfolio.

Operations Review

Net interest income increased to $9.6 million (on a net margin of 2.88%) for the third quarter of 2023, compared to $9.5 million (on a net margin of 2.98%) for the second quarter of 2023, and $10.1 million (on a net margin of 3.24%) for the third quarter of 2022. Earning asset yields increased 20 basis points to 4.78% during the third quarter of 2023 from 4.58% during the second quarter of 2023, while deposit and borrowing costs increased 39 basis points to 2.51% compared to 2.12% during the second quarter of 2023.

The increase in earning asset yields was primarily due to higher yields on loans during the quarter. Taxable security yields were 2.55% for the quarter ended September 30, 2023, compared to 2.71% for the quarter ended June 30, 2023. Loan yields increased during the second quarter to 5.23% from 5.04% for the second quarter of 2023 as new loans were added to the portfolio and existing loans repriced to higher indices from market rate increases. During the third quarter, the average yield of new money loans was 7.14%.

Rising deposit costs for savings and demand deposits, money market deposits, time deposits and FHLB advances were responsible for the rise in the Bank's cost of funds. The overall cost of deposits was 1.66% for the quarter ended September 30, 2023 compared to 1.33% the prior quarter. FHLB advance costs rose to 3.90% during the third quarter ended September 30, 2023 from 3.78% the prior quarter.

Total noninterest income decreased for the third quarter of 2023 to $1.68 million, from $1.98 million for the second quarter of 2023, due primarily to the payment of a life insurance death benefit realized during the second quarter

of $533,000. The Bank is an SBA Preferred Lender. During the third quarter, the Bank realized $138,000 in gains on the sale of SBA 7(a) loans. At September 30, 2023, the Bank serviced $370.1 million in secondary market residential mortgage loans for others which provides fee income. Total mortgage banking income was $345,000 for the quarter ended September 30, 2023 compared to $311,000 for the quarter ended June 30, 2023. During the September 2023 quarter, we changed our Broker/Dealer platform for wealth management and added a senior advisor expected to lift commission revenue over the next several quarters.

Noninterest expenses decreased to $7.5 million for the third quarter of 2023, compared to $7.9 million for the second quarter of 2023. The third quarter of 2023 included lower salary and benefit expenses relative to the prior quarter, impacted by the right sizing of the residential mortgage banking business.

The current Wisconsin state budget, signed by Governor Evers on July 5, 2023, included a provision offering an income tax exclusion on income earned from commercial loans of $5 million or less, originated for business or agricultural purposes to borrowers who reside or are located in the state of Wisconsin. This exclusion is retroactive to January 1, 2023. A one-time tax expense of $1.6 million was realized during the third quarter due to the change in Wisconsin tax.

About PSB Holdings, Inc.

PSB Holdings, Inc. is the parent company of Peoples State Bank. Peoples is a community bank headquartered in Wausau, Wisconsin, serving northcentral and southeastern Wisconsin from eleven full-service banking locations in Marathon, Oneida, Vilas, Portage, Milwaukee and Waukesha counties. Peoples also provides investment and insurance products, along with retirement planning services, through Peoples Wealth Management, a division of Peoples. PSB Holdings, Inc. is traded under the stock symbol PSBQ on the OTCQX Market. More information about PSB, its management, and its financial performance may be found at **www.psbholdingsinc.com**.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates and projections about PSB's business based, in part, on assumptions made by management and include, without limitation, statements with respect to the potential growth of PSB, its future profits, expected stock repurchase levels, future dividend rates, future interest rates, and the adequacy of its capital position. Forward-looking statements can be affected by known and unknown risks, uncertainties, and other factors, including, but not limited to, strength of the economy, the effects of government policies, including interest rate policies, risks associated with the execution of PSB's vision and growth strategy, including with respect to current and future M&A activity, and risks associated with global economic instability 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
September 30, June 30, and March 31, 2023, September 30, 2022, unaudited, December 31, 2022 derived from audited financial statements

(dollars in thousands, except per share data)	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022
Assets					
Cash and due from banks	$ 12,881	$ 27,409	$ 13,336	$ 28,561	$ 16,659
Interest-bearing deposits	668	892	538	758	3,267
Federal funds sold	7,764	16,138	25,766	90	20,751
Cash and cash equivalents	21,313	44,439	39,640	29,409	40,677
Securities available for sale (at fair value)	160,883	167,382	190,738	192,197	188,425
Securities held to maturity (fair values of $75,236, $81,489, $82,610, $80,926 and $77,467 respectively	86,908	87,335	87,889	87,816	87,993
Equity securities	2,273	2,178	2,070	2,032	1,870
Loans held for sale	971	151	-	-	-
Loans receivable, net	1,098,019	1,048,322	973,270	961,865	936,686
Accrued interest receivable	4,716	4,274	4,062	4,006	3,493
Foreclosed assets	-	-	-	160	160
Premises and equipment, net	13,242	13,256	13,406	13,164	13,129
Mortgage servicing rights, net	1,684	1,666	1,682	1,610	1,651
Federal Home Loan Bank stock (at cost)	6,373	6,359	4,620	2,516	2,516
Cash surrender value of bank-owned life insurance	23,931	23,776	25,078	24,922	24,765
Core deposit intangible	297	321	348	382	415
Goodwill	2,541	2,541	2,541	2,541	2,541
Other assets	14,094	14,933	14,444	15,069	15,248
TOTAL ASSETS	$ 1,437,245	$ 1,416,933	$ 1,359,788	$ 1,337,689	$ 1,319,569
Liabilities					
Non-interest-bearing deposits	$ 288,765	$ 282,153	$ 267,836	$ 292,338	$ 298,335
Interest-bearing deposits	883,474	860,981	839,757	856,417	850,483
Total deposits	1,172,239	1,143,134	1,107,593	1,148,755	1,148,818
Federal Home Loan Bank advances	128,000	133,000	113,000	43,000	40,000
Other borrowings	5,660	5,730	5,033	12,985	10,449
Senior subordinated notes	4,772	4,771	4,769	5,549	2,500
Junior subordinated debentures	12,896	12,870	12,844	12,819	12,793
Accrued expenses and other liabilities	10,770	12,495	11,338	12,639	10,114
Total liabilities	1,334,337	1,312,000	1,254,577	1,235,747	1,224,674
Stockholders' equity					
Preferred stock - no par value: Authorized - 30,000 shares; no shares issued or outstanding Outstanding - 7,200, 7,200, 7,200, 7,200, and 0 shares, respectively	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 - 4,174,197, 4,190,252, 4,241,501, 4,297,279 and 4,414,651 shares, respectively	1,830	1,830	1,830	1,830	1,830
Additional paid-in capital	8,421	8,382	8,311	8,300	8,294
Retained earnings	131,624	130,396	128,968	126,003	123,559
Accumulated other comprehensive income (loss), net of tax	(26,190)	(23,240)	(22,515)	(24,220)	(24,200)
Treasury stock, at cost - 1,316,601, 1,300,546, 1,249,297, 1,193,519 and 1,076,147 shares, respectively	(19,977)	(19,635)	(18,583)	(17,171)	(14,588)
Total stockholders' equity	102,908	104,933	105,211	101,942	94,895
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,437,245	$ 1,416,933	$ 1,359,788	$ 1,337,689	$ 1,319,569

PSB Holdings, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Quarter Ended Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Nine Months Ended September 2023	2022
Interest and dividend income:							
Loans, including fees	$ 14,263	$ 12,709	$ 11,773	$ 11,251	$ 10,225	$ 38,745	$ 28,574
Securities:							
Taxable	1,114	1,327	1,331	1,218	978	3,772	2,599
Tax-exempt	533	535	537	539	540	1,605	1,610
Other interest and dividends	238	145	148	141	163	531	257
Total interest and dividend income	16,148	14,716	13,789	13,149	11,906	44,653	33,040
Interest expense:							
Deposits	4,817	3,661	2,989	2,060	1,341	11,467	2,379
FHLB advances	1,321	1,200	547	167	209	3,068	612
Other borrowings	51	48	62	38	14	161	20
Senior subordinated notes	59	58	62	55	28	179	84
Junior subordinated debentures	255	242	234	224	202	731	547
Total interest expense	6,503	5,209	3,894	2,544	1,794	15,606	3,642
Net interest income	9,645	9,507	9,895	10,605	10,112	29,047	29,398
Provision for loan losses	150	100	100	-	-	350	-
Net interest income after provision for loan losses	9,495	9,407	9,795	10,605	10,112	28,697	29,398
Noninterest income:							
Service fees	349	378	361	381	409	1,088	1,189
Mortgage banking income	345	311	325	235	228	981	980
Investment and insurance sales commissions	158	287	365	498	357	810	1,217
Net loss on sale of securities	-	(279)	-	-	-	(279)	-
Increase in cash surrender value of life insurance	155	149	157	157	157	461	459
Life insurance death benefit	-	533	-	-	-	533	-
Other noninterest income	675	605	742	553	558	2,022	1,775
Total noninterest income	1,682	1,984	1,950	1,824	1,709	5,616	5,620
Noninterest expense:							
Salaries and employee benefits	4,514	4,884	5,006	4,700	4,302	14,404	13,240
Occupancy and facilities	689	698	699	641	687	2,086	1,981
Loss (gain) on foreclosed assets	-	4	(50)	2	4	(46)	(2)
Data processing and other office operations	953	951	880	910	906	2,784	2,679
Advertising and promotion	161	166	162	180	185	489	510
Core deposit intangible amortization	24	27	34	34	34	85	119
Other noninterest expenses	1,113	1,202	1,073	1,219	1,069	3,388	3,303
Total noninterest expense	7,454	7,932	7,804	7,686	7,187	23,190	21,830
Income before provision for income taxes	3,723	3,459	3,941	4,743	4,634	11,123	13,188
Provision for income taxes	2,374	652	941	1,143	1,119	3,967	3,151

Net income	$ 1,349	$ 2,807	$ 3,000	$ 3,600	$ 3,515	$ 7,156	$ 10,037
Preferred stock dividends declared	$ 122	$ 122	$ 122	$ 81	$ -	$ 366	$ -
Net income available to common shareholders	$ 1,227	$ 2,685	$ 2,878	$ 3,519	$ 3,515	$ 6,790	$ 10,037
Basic earnings per common share	$ 0.29	$ 0.64	$ 0.67	$ 0.80	$ 0.80	$ 1.61	$ 2.27
Diluted earnings per common share	$ 0.29	$ 0.64	$ 0.67	$ 0.80	$ 0.80	$ 1.61	$ 2.27

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

	Quarter ended				
Earnings and dividends:	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022
Interest income	$ 16,148	$ 14,716	$ 13,789	$ 13,149	$ 11,906
Interest expense	$ 6,503	$ 5,209	$ 3,894	$ 2,544	$ 1,794
Net interest income	$ 9,645	$ 9,507	$ 9,895	$ 10,605	$ 10,112
Provision for loan losses	$ 150	$ 100	$ 100	$ -	$ -
Other noninterest income	$ 1,682	$ 1,984	$ 1,950	$ 1,824	$ 1,709
Other noninterest expense	$ 7,454	$ 7,932	$ 7,804	$ 7,686	$ 7,187
Net income available to common shareholders	$ 1,227	$ 2,685	$ 2,878	$ 3,519	$ 3,515
Basic earnings per common share (3)	$ 0.29	$ 0.64	$ 0.67	$ 0.80	$ 0.80
Diluted earnings per common share (3)	$ 0.29	$ 0.64	$ 0.67	$ 0.80	$ 0.80
Dividends declared per common share (3)	$ -	$ 0.30	$ -	$ 0.25	$ -
Tangible net book value per common share (4)	$ 22.25	$ 22.64	$ 22.43	$ 21.37	$ 20.83
Semi-annual dividend payout ratio	n/a	27.38%	n/a	15.27%	n/a
Average common shares outstanding	4,186,940	4,218,226	4,275,160	4,377,330	4,419,421
Balance sheet - average balances:					
Loans receivable, net of allowances for loss	$ 1,076,158	$ 1,000,349	$ 964,029	$ 945,551	$ 931,344
Assets	$ 1,425,522	$ 1,367,363	$ 1,336,511	$ 1,321,776	$ 1,323,400
Deposits	$ 1,149,624	$ 1,098,039	$ 1,124,091	$ 1,146,066	$ 1,141,784
Stockholders' equity	$ 105,745	$ 106,762	$ 103,406	$ 100,037	$ 98,630
Performance ratios:					
Return on average assets (1)	0.34%	0.79%	0.87%	1.06%	1.05%
Return on average stockholders' equity (1)	4.60%	10.09%	11.29%	13.96%	14.14%
Return on average tangible common stockholders' equity (1)(4)	5.09%	11.14%	12.51%	15.12%	14.58%
Net loan charge-offs to average loans (1)	0.00%	-0.07%	-0.02%	0.03%	0.01%
Nonperforming loans to gross loans	0.55%	0.60%	0.62%	0.64%	1.16%
Nonperforming assets to total assets	0.42%	0.45%	0.45%	0.48%	0.85%
Allowance for loan losses to gross loans	1.15%	1.19%	1.25%	1.26%	1.30%
Nonperforming assets to tangible equity plus the allowance for loan losses (4)	5.87%	5.96%	5.76%	6.22%	10.89%
Net interest rate margin (1)(2)	2.88%	2.98%	3.21%	3.41%	3.24%
Net interest rate spread (1)(2)	2.27%	2.46%	2.77%	3.10%	3.04%
Service fee revenue as a percent of average demand deposits (1)	0.50%	0.58%	0.52%	0.50%	0.56%
Noninterest income as a percent of gross revenue	9.43%	11.88%	12.39%	12.18%	12.55%
Efficiency ratio (2)	64.58%	68.09%	65.02%	61.06%	60.02%
Noninterest expenses to average assets (1)	2.07%	2.33%	2.37%	2.31%	2.15%
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets	9.00%	9.33%	9.32%	9.23%	8.95%
Tangible equity to tangible assets (4)	6.98%	7.22%	7.54%	7.42%	6.98%
Stock price information:					
High	$ 22.50	$ 21.38	$ 25.75	$ 22.74	$ 23.94
Low	$ 20.35	$ 19.75	$ 20.00	$ 21.50	$ 22.50
Last trade value at quarter-end	$ 21.15	$ 20.35	$ 21.15	$ 21.90	$ 22.50

(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)	Quarter Ended Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022
Net income	$ 1,349	$ 2,807	$ 3,000	$ 3,600	$ 3,515
Other comprehensive income, net of tax:					
Unrealized gain (loss) on securities available for sale	(3,085)	(1,168)	1,601	(116)	(4,915)
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	91	107	129	93	92
Unrealized gain (loss) on interest rate swap	79	161	(1)	11	32
Reclassification adjustment of interest rate swap settlements included in earnings	(35)	(27)	(24)	(8)	13
Other comprehensive income (loss)	(2,950)	(725)	1,705	(20)	(4,778)
Comprehensive income (loss)	$ (1,601)	$ 2,082	$ 4,705	$ 3,580	$ (1,263)

PSB Holdings, Inc.
Nonperforming Assets as of:

(dollars in thousands)	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Nonaccrual loans (excluding restructured loans)	$ 5,807	$ 6,000	$ 5,773	$ 5,879	$ 6,048
Nonaccrual restructured loans	42	50	57	62	70
Restructured loans not on nonaccrual	256	261	265	270	4,904
Accruing loans past due 90 days or more	-	-	-	-	-
Total nonperforming loans	6,105	6,311	6,095	6,211	11,022
Other real estate owned	-	-	-	160	160
Total nonperforming assets	$ 6,105	$ 6,311	$ 6,095	$ 6,371	$ 11,182
Nonperforming loans as a % of gross loans receivable	0.55%	0.60%	0.62%	0.64%	1.16%
Total nonperforming assets as a % of total assets	0.42%	0.45%	0.45%	0.48%	0.85%
Allowance for loan losses as a % of nonperforming loans	192.55%	177.63%	191.63%	197.92%	112.28%

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

Collateral Description	Asset Type	Gross Principal	Specific Reserves
Real estate - Buffet Style Restaurant	Nonaccrual	$ 2,742	$ 992
Real estate - Independent Auto Repair	Nonaccrual	690	38
Total listed nonperforming assets		$ 3,432	$ 1,030
Total bank wide nonperforming assets		$ 6,105	$ 1,420
Listed assets as a % of total nonperforming assets		56%	73%

PSB Holding, Inc.
Loan Composition by Purpose

Quarter-ended (dollars in thousands)	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Residential real estate:					
One to four family	$ 200,239	$ 199,100	$ 187,325	$ 182,688	$ 172,913
HELOC loans	19,127	19,498	18,141	17,625	18,423
Residential construction & development	20,571	18,634	22,014	20,698	22,313
Residential vacant land	1,155	1,111	1,223	1,414	3,069
Total Residential real estate	241,092	238,343	228,703	222,425	216,718
Commercial/Agricultural real estate:					
Owner occupied					
Commercial real estate	238,706	238,608	237,217	220,375	211,008
SBA commercial real estate	2,307	2,078	2,112	2,514	2,616
Agriculture real estate	3,482	3,563	3,681	3,835	3,902
Construction and land development	4,715	1,691	2,825	22,330	32,158
Commercial vacant land	7,281	7,223	6,712	7,291	5,214
Total Owner occupied	256,491	253,163	252,547	256,345	254,898
Non-owner occupied					
Commercial real estate	263,368	240,010	226,280	228,761	225,823
One to four family residential rental	86,838	67,854	65,673	64,764	66,224
Construction and land development	45,533	49,310	41,272	27,253	25,543
Commercial vacant land	20,401	10,424	3,928	3,862	4,010
Total Non-owner occupied	416,140	367,598	337,153	324,640	321,600
Commercial/Agricultural non-real estate:					
Municipal non-real estate	27,187	25,223	6,430	9,915	7,133
Commercial line	64,335	73,651	57,727	63,173	56,154
Other commercial non-real estate	95,024	92,519	92,419	87,535	82,430
SBA commercial non-real estate	3,795	3,787	3,997	3,533	3,378
Agricultural non-real estate	1,234	1,204	1,250	1,290	1,491
Total Commercial/Agr. non-real estate	191,575	196,384	161,823	165,446	150,586

Consumer non-real estate:					
Consumer installment	3,565	3,483	3,357	4,072	4,005
Consumer line	422	441	529	382	494
Other consumer	118	106	108	115	116
Total Consumer non-real estate	4,105	4,030	3,994	4,569	4,615
Gross loans	1,109,403	1,059,518	984,220	973,425	948,417
Net deferred loan costs (fees)	630	605	542	573	537
Overdrafts	253	121	101	160	107
Allowance for loan losses	(12,267)	(11,922)	(11,593)	(12,293)	(12,375)
Total loans receivable	$ 1,098,019	$ 1,048,322	$ 973,270	$ 961,865	$ 936,686

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

(dollars in thousands)	Sep 30, 2023		Jun 30, 2023		Mar 31, 2023		Dec 31, 2022		Sep 30, 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	$ 133,466	13.3%	$ 119,573	12.4%	$ 121,559	13.0%	$ 120,232	13.1%	$ 141,414	15.6%
Industrial and Warehousing	88,906	8.9	84,049	8.7	78,934	8.5	76,536	8.3	83,033	9.1
Retail	35,281	3.5	34,004	3.5	34,427	3.7	32,587	3.5	39,279	4.3
Hotels	31,819	3.2	33,329	3.5	31,069	3.3	32,940	3.6	26,958	3.0
Office	6,746	0.7	8,395	0.9	8,544	0.9	8,652	0.9	8,758	1.0

(1) Percentage of portfolio and commitments.

PSB Holdings, Inc.
Deposit Composition

Insured and Collateralized Deposits (dollars in thousands)	September 30, 2023		June 30, 2023		March 31, 2023		December 31, 2022		September 30, 2022	
	$	%	$	%	$	%	$	%	$	%
Non-interest bearing demand	$ 209,133	17.8%	$ 201,351	17.6%	$ 205,350	18.6%	$ 203,115	17.7%	$ 216,116	18.7%
Interest-bearing demand and savings	307,620	26.3%	310,006	27.1%	329,364	29.7%	345,854	30.1%	348,989	30.4%
Money market deposits	135,910	11.6%	126,851	11.1%	128,576	11.6%	131,400	11.4%	130,126	11.3%
Retail and local time deposits <= $250	144,733	12.3%	140,572	12.3%	136,090	12.3%	130,205	11.3%	132,095	11.5%
Total core deposits	797,396	68.0%	778,780	68.1%	799,380	72.2%	810,574	70.5%	827,326	71.9%
Retail and local time deposits > $250	22,750	1.9%	20,250	1.8%	17,000	1.5%	14,500	1.3%	12,250	1.1%
Broker & national time deposits <= $250	3,222	0.3%	3,965	0.3%	5,953	0.5%	6,451	0.6%	6,700	0.6%
Broker & national time deposits > $250	88,614	7.6%	93,956	8.2%	74,485	6.8%	82,439	7.2%	82,439	7.2%
Totals	$ 911,982	77.8%	$ 896,951	78.4%	$ 896,818	81.0%	$ 913,964	79.6%	$ 928,715	80.8%

PSB Holdings, Inc.
Deposit Composition

Uninsured Deposits (dollars in thousands)	September 30, 2023		June 30, 2023		March 31, 2023		December 31, 2022		September 30, 2022	
	$	%	$	%	$	%	$	%	$	%
Non-interest bearing demand	$ 79,632	6.8%	$ 80,802	7.1%	$ 62,486	5.6%	$ 89,223	7.7%	$ 82,219	7.2%
Interest-bearing demand and savings	22,847	1.9%	22,604	2.0%	24,854	2.2%	49,917	4.3%	28,842	2.5%
Money market deposits	133,653	11.4%	127,871	11.2%	109,894	10.0%	84,673	7.4%	98,493	8.6%
Retail and local time deposits <= $250	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total core deposits	236,132	20.1%	231,277	20.3%	197,234	17.8%	223,813	19.4%	209,554	18.3%
Retail and local time deposits > $250	24,120	2.1%	14,906	1.3%	13,541	1.2%	10,978	1.0%	10,549	0.9%
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	$ 260,252	22.2%	$ 246,183	21.6%	$ 210,775	19.0%	$ 234,791	20.4%	$ 220,103	19.2%

PSB Holdings, Inc.
Deposit Composition

Total Deposits (dollars in thousands)	September 30, 2023		June 30, 2023		March 31, 2023		December 31, 2022		September 30, 2022	
	$	%	$	%	$	%	$	%	$	%
Non-interest bearing demand	$ 288,765	24.7%	$ 282,153	24.7%	$ 267,836	24.2%	$ 292,338	25.4%	$ 298,335	26.0%
Interest-bearing demand and savings	330,467	28.2%	332,610	29.1%	354,218	32.0%	395,771	34.5%	377,831	32.9%
Money market deposits	269,563	22.8%	254,722	22.3%	238,470	21.5%	216,073	18.8%	228,619	19.9%
Retail and local time deposits <= $250	144,733	12.4%	140,572	12.3%	136,090	12.3%	130,205	11.3%	132,095	11.4%
Total core deposits	1,033,533	88.1%	1,010,057	88.4%	996,614	90.0%	1,034,387	90.0%	1,036,880	90.2%
Retail and local time deposits > $250	46,870	4.0%	35,156	3.1%	30,541	2.8%	25,478	2.2%	22,799	2.0%
Broker & national time deposits <= $250	3,222	0.3%	3,965	0.3%	5,953	0.5%	6,451	0.6%	6,700	0.6%
Broker & national time deposits > $250	88,614	7.6%	93,956	8.2%	74,485	6.7%	82,439	7.2%	82,439	7.2%
Totals	$1,172,239	100.0%	$1,143,134	100.0%	$1,107,593	100.0%	$1,148,755	100.0%	$1,148,818	100.0%

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

	Quarter ended September 30, 2023			Quarter ended June 30, 2023			Quarter ended September 30, 2022		
	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate
Assets									
Interest-earning assets:									
Loans (1)(2)	$1,088,137	$ 14,337	5.23%	$1,012,105	$ 12,726	5.04%	$ 943,724	$ 10,235	4.30%
Taxable securities	173,287	1,114	2.55%	196,048	1,327	2.71%	199,727	978	1.94%
Tax-exempt securities (2)	81,327	675	3.29%	81,758	677	3.32%	82,242	684	3.30%
FHLB stock	6,368	127	7.91%	5,366	51	3.81%	2,579	32	4.92%
Other	8,195	111	5.37%	7,254	94	5.20%	28,823	131	1.80%
Total (2)	1,357,314	16,364	4.78%	1,302,531	14,875	4.58%	1,257,095	12,060	3.81%
Non-interest-earning assets:									
Cash and due from banks	19,299			15,632			19,400		
Premises and equipment, net	13,266			13,336			13,052		
Cash surrender value ins	23,840			24,530			24,666		
Other assets	23,802			23,090			21,567		
Allowance for loan losses	(11,979)			(11,756)			(12,380)		
Total	$1,425,542			$1,367,363			$1,323,400		
Liabilities & stockholders' equity									
Interest-bearing liabilities:									
Savings and demand deposits	$ 335,214	$ 1,198	1.42%	$ 344,435	$ 1,035	1.21%	$ 375,617	$ 370	0.39%
Money market deposits	255,823	1,489	2.31%	243,073	1,189	1.96%	232,713	399	0.68%
Time deposits	279,971	2,130	3.02%	247,007	1,437	2.33%	245,353	572	0.92%
FHLB borrowings	134,386	1,321	3.90%	127,441	1,200	3.78%	49,924	209	1.66%

Other borrowings	5,681	51	3.56%	5,588	48	3.45%	6,919	14	0.80%
Senior sub. notes	4,772	59	4.91%	4,770	58	4.88%	2,500	28	4.44%
Junior sub. debentures	12,883	255	7.85%	12,857	242	7.55%	12,781	202	6.27%
Total	1,028,730	6,503	2.51%	985,171	5,209	2.12%	925,807	1,794	0.77%
Non-interest-bearing liabilities:									
Demand deposits	278,616			263,524			288,101		
Other liabilities	12,438			11,906			10,862		
Stockholders' equity	105,758			106,762			98,630		
Total	$1,425,542			$1,367,363			$1,323,400		
Net interest income		$ 9,861			$ 9,666			$ 10,266	
Rate spread			2.27%			2.46%			3.04%
Net yield on interest-earning assets			2.88%			2.98%			3.24%

(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)

	Nine months ended September 30, 2023			Nine months ended September 30, 2022		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets						
Interest-earning assets:						
Loans (1)(2)	$1,025,955	$ 38,851	5.06%	$ 917,541	$ 28,605	4.17%
Taxable securities	189,583	3,772	2.66%	207,179	2,599	1.68%
Tax-exempt securities (2)	81,670	2,032	3.33%	83,281	2,038	3.27%
FHLB stock	4,943	228	6.17%	2,625	82	4.18%
Other	8,154	303	4.97%	23,327	175	1.00%
Total (2)	1,310,305	45,186	4.61%	1,233,953	33,499	3.63%
Non-interest-earning assets:						
Cash and due from banks	17,403			18,714		
Premises and equipment, net	13,311			12,942		
Cash surrender value ins	24,446			24,513		
Other assets	23,352			19,995		
Allowance for loan losses	(12,004)			(12,338)		
Total	$	1,376,813		$1,297,779		
Liabilities & stockholders' equity						
Interest-bearing liabilities:						
Savings and demand deposits	$ 350,928	$ 3,286	1.25%	$ 383,795	$ 561	0.20%
Money market deposits	241,594	3,508	1.94%	222,975	609	0.37%
Time deposits	257,639	4,673	2.43%	222,946	1,209	0.73%
FHLB borrowings	110,460	3,068	3.71%	54,590	612	1.50%
Other borrowings	7,082	161	3.04%	6,135	20	0.44%
Senior sub. notes	4,965	179	4.82%	2,500	84	4.49%
Junior sub. debentures	12,857	731	7.60%	12,755	547	5.73%
Total	985,525	15,606	2.12%	905,696	3,642	0.54%
Non-interest-bearing liabilities:						
Demand deposits	273,699			279,135		
Other liabilities	12,162			11,093		
Stockholders' equity	105,427			101,855		
Total	$	1,376,813		$1,297,779		
Net interest income		$ 29,580			$ 29,857	

Rate spread	2.49%	3.09%
Net yield on interest-earning assets	3.02%	3.24%

(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.