NEWS RELEASE

PSB Holdings, Inc. Third Quarter 2022 Earnings of $0.80 Per Share Up 11% Over Prior Quarter; Nine-Month Earnings Reach $10.0 Million, or $2.27 Per Share

2022-10-24

WAUSAU, Wis., Oct. 24, 2022 (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, 2022 of $0.80 per share on net income of $3.5 million, compared to earnings of $0.72 per share on net income of $3.2 million during the second quarter ending June 30, 2022, and $0.82 per share on net income of $3.6 million during the third quarter ending September 30, 2021. Prior year September 2021 quarterly net income reflected higher gains on sale of mortgage loans. Nine-month earnings increased to $2.27 per share for the period ended September 30, 2022 from $2.17 per share for the same nine-month period in 2021.

The Company’s third quarter 2022 operating results reflected the following changes from the second quarter of 2022: (1) higher net interest income due to increased allocation to higher yielding loans and investments; (2) lower noninterest income primarily due to fewer gains on the sale of mortgage loans; and (3) lower salary and employee benefit expenses. Loans grew 1.2% during the quarter ending September 30, 2022, reflecting the addition of adjustable-rate mortgage loans and owner-occupied commercial real estate loans.

“We are pleased with the results for the third quarter. Net income increased despite continued declines in mortgage banking fee income while our net interest margin remained near the previous quarter. We undertook initiatives in the third quarter on deposit pricing that we believe will contribute to a stronger net interest margin in coming quarters. As we look forward to the fourth quarter and 2023, we anticipate loan growth will be challenging due to national economic policies, but we remain well prepared to continue to deliver strong returns to our shareholders,” stated Scott Cattanach, President and CEO.

September 30, 2022 Highlights:

- Net interest income increased to $10.1 million for the quarter ended September 30, 2022, compared to $9.7 million for the quarter ended June 30, 2022, and $9.6 million for the quarter ended September 30, 2021. The third quarter 2022 did not reflect material levels of PPP loan fee accretion when compared to prior quarters.

- Noninterest income declined to $1.7 million for the quarter ended September 30, 2022, from $1.9 million the previous quarter. The decrease largely reflected a decline in the gain on sale of mortgage loans due to slower refinance origination activity in the rising interest rate environment.

- Noninterest expense decreased $264,000 for the third quarter of 2022, to $7.2 million from $7.5 million the prior quarter. The decrease primarily related to lower salary and benefit costs.

- Loans receivable increased $11 million, or 1.2%, to $937 million at September 30, 2022 from $925 million one quarter earlier.

- Asset quality continued to remain high. At September 30, 2022, non-performing assets declined to 0.85% of total assets from 1.16% one year earlier. No loan loss provisions have yet been made during 2022 due to strong credit quality.

- While September 2022 quarterly return on average equity reached 14.14%, tangible book value declined to $20.83 per share at September 30, 2022, due to recognition of additional unrealized losses on securities available for sale driven by actions taken by the Federal Reserve to increase short-term interest rates and market expectations of future rate increases.

Balance Sheet and Asset Quality Review

Total assets increased to $1.32 billion at September 30, 2022, from $1.31 billion at June 30, 2022. Cash and cash equivalents increased to $40.7 million from $39.4 million during the quarter while investment securities decreased $2.3 million, to $276.4 million at September 30, 2022, from $278.7 million one quarter earlier. The lower balance of investment securities reflects their fair value in today's rising rate market and the use of available security liquidity to fund loan originations.

Total loans receivable increased to $936.7 million at September 30, 2022, from $925.3 million at June 30, 2022. Origination activity slowed relative to the second quarter but remained active with new owner-occupied commercial real estate and other non-real estate commercial loans portfolios expanding. In addition, the one-to-four family mortgage portfolio increased as consumers migrate to adjustable-rate products. Management expects

loan originations to slow in coming quarters as a result of actions taken by the Federal Reserve to slow inflation.

The allowance for loan losses decreased slightly to 1.30% of gross loans at September 30, 2022, from 1.32% the prior quarter and 1.35% of gross loans one year earlier. Annualized net charge-offs to average loans were minimal for the quarter ended September 30, 2022 at 0.01%. Non-performing assets declined to 0.85% of total assets at September 30, 2022, compared to 0.88% at June 30, 2022, and 1.16% at September 30, 2021. At September 30, 2022, non-performing assets consisted of $6.0 million in non-accrual loans, $70,000 in non-accrual restructured loans, $4.9 million in restructured loans not on non-accrual and $160,000 in foreclosed assets.

Total deposits increased $35.4 million to $1.15 billion at September 30, 2022, compared to $1.11 billion at June 30, 2022, led by growth in non-interest bearing demand, money market and jumbo brokered deposits. At September 30, 2022, interest-bearing demand and savings deposits accounted for 32.9% of total deposits, followed by noninterest-bearing demand deposits at 26.0%, money market deposits at 19.9%, and retail and local time deposits at 13.4%. Broker and national time deposits accounted for 7.8% of total deposits at September 30, 2022, compared to 5.8% at June 30, 2022. During the third quarter, brokered deposits increased to support loan growth and as an alternative to higher-costing external borrowings including Federal Home Loan Bank advances.

FHLB advances decreased to $40.0 million at September 30, 2022, compared to $67.0 million at June 30, 2022, while other borrowings increased to $10.4 million at September 30, 2022, compared to $4.6 million at June 30, 2022.

Tangible stockholder equity as a percent of total tangible assets was 6.98% at September 30, 2022 compared to 7.15% one quarter earlier. On a per share basis, tangible book value was $20.83 at September 30, 2022 compared to $21.10 per share one quarter earlier. Tangible stockholder equity has been negatively impacted by rising interest rates where the valuation of investment securities available for sale have reflected negative marks relative to market rates at the end of the quarter.

Operations Review

Net interest income increased to $10.1 million (on a net margin of 3.24%) for the third quarter of 2022, compared to $9.7 million (on a net margin of 3.23%) for the second quarter of 2022, and $9.6 million (on a net margin of 3.15%) for the third quarter of 2021. Earning asset yields increased 24 basis points to 3.81% during the third quarter of 2022, from 3.57% during the second quarter of 2022, while deposit and borrowing costs increased 31 basis points to 0.77% compared to 0.46% during the second quarter of 2022. In anticipation of rising interest rates associated with the Federal Reserve’s aggressive policy to fight inflation and the rising cost of wholesale funding alternatives, management raised deposit rates more aggressively than peers, including core depositors. In upcoming quarters, deposit rates for core deposit customers are expected to mirror rates offered by local competition. These more aggressive deposit rate increases limited margin expansion during the September 2022 quarter, but margin is

expected to expand in coming quarters as deposit rates increases are more targeted.

The increase in earning asset yields was due to higher yields on investment securities during the quarter ended September 30, 2022. Taxable security yields increased to 1.94% for the quarter ended September 30, 2022, from 1.68% in the quarter ended June 30, 2022. Loan yields increased to 4.30% for the third quarter of 2022, from 4.07% for the second quarter of 2022 as loans repriced to higher indices, new loans were added to the portfolio and nearly all low yielding SBA PPP loans were repaid. Interest-bearing liabilities increased during the quarter from increases in core deposits along with greater use of brokered deposits at current market rates. Along with a further increase in asset yields, deposit costs are expected to increase during the Federal Reserve's increasing interest rate posture as short-term market rates move higher.

Total noninterest income decreased for the third quarter of 2022, to $1.7 million from $1.9 million for the second quarter of 2022, due primarily to a decrease from gains on sale of mortgage loans. While mortgage loan originations have been negatively influenced by the rise in interest rates with less mortgage refinancing activity, mortgage loan servicing income has increased over the past year due to reduced amortization charges appropriate for management's expectation of an extended portfolio servicing life. At September 30, 2022, the bank was servicing $387.4 million in secondary market mortgage loans for others.

Noninterest expense decreased to $7.2 million for the third quarter of 2022, compared to $7.5 million for the second quarter of 2022. The third quarter of 2022 included lower salaries and employee benefit expenses. Salary and employee benefit expenses were $4.3 million for the third quarter of 2022, compared to $4.5 million for the second quarter of 2022.

About PSB Holdings, Inc.

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

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates and projections

about PSB's business based, in part, on assumptions made by management and include, without limitation, statements with respect to the potential growth of PSB, its future profits, expected stock repurchase levels, future dividend rates, future interest rates, and the adequacy of its capital position. Forward-looking statements can be affected by known and unknown risks, uncertainties, and other factors, including, but not limited to, strength of the economy, the effects of government policies, including interest rate policies, risks associated with the execution of PSB's vision and growth strategy, including with respect to current and future M&A activity, and risks associated with global economic instability relating to the COVID-19 pandemic and its effect on PSB and Peoples, and their customers, and other risks. The forward-looking statements in this press release speak only as of the date on which they are made and PSB does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this release.

PSB Holdings, Inc.
Consolidated Balance Sheets
September 30, June 30, and March 31, 2022, and September 30, 2021, unaudited, December 31, 2021 derived from audited financial statements

(dollars in thousands, except per share data)	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021
Assets					
Cash and due from banks	$ 16,659	$ 19,149	$ 18,322	$ 16,896	$ 20,813
Interest-bearing deposits	3,267	3,545	5,158	6,579	1,044
Federal funds sold	20,751	16,689	14,356	30,068	43,637
Cash and cash equivalents	40,677	39,383	37,836	53,543	65,494
Securities available for sale (at fair value)	188,425	190,478	289,704	308,744	300,192
Securities held to maturity	87,993	88,216	-	-	-
Equity securities	1,870	1,781	1,720	1,701	1,661
Bank certificates of deposit (at cost)	-	245	245	245	245
Loans held for sale	-	270	-	3,061	214
Loans receivable, net	936,686	925,260	875,588	876,337	874,524
Accrued interest receivable	3,493	3,285	3,219	3,256	3,273
Foreclosed assets	160	160	1,103	1,103	2,398
Premises and equipment, net	13,129	12,981	12,906	12,695	12,725
Mortgage servicing rights, net	1,651	1,711	1,770	1,714	1,702
Federal Home Loan Bank stock (at cost)	2,516	2,646	2,646	2,646	2,646
Cash surrender value of bank-owned life insurance	24,765	24,608	24,455	24,305	24,154
Core deposit intangible	415	449	487	534	581
Goodwill	2,541	2,541	2,541	2,541	2,541
Other assets	15,248	13,550	11,725	6,286	5,313
TOTAL ASSETS	$ 1,319,569	$ 1,307,564	$ 1,265,945	$ 1,298,711	$ 1,297,663
Liabilities					
Non-interest-bearing deposits	$ 298,335	$ 283,592	$ 272,611	$ 284,477	$ 291,440
Interest-bearing deposits	850,483	829,867	816,794	820,763	791,601
Total deposits	1,148,818	1,113,459	1,089,405	1,105,240	1,083,041
Federal Home Loan Bank advances	40,000	67,000	47,000	47,000	62,000
Other borrowings	10,449	4,601	4,304	6,677	17,129
Senior subordinated notes	2,500	2,500	2,500	2,500	2,500
Junior subordinated debentures	12,793	12,768	12,742	12,717	12,691
Accrued expenses and other liabilities	10,114	10,938	10,208	13,315	10,143
Total liabilities	1,224,674	1,211,266	1,166,159	1,187,449	1,187,504
Stockholders' equity					

Preferred stock - no par value:					
Authorized - 30,000 shares; no shares issued or outstanding	-	-	-	-	-
Common stock - no par value with a stated value of $1.00 per share:					
Authorized - 6,000,000 shares; Issued - 5,490,798 shares					
Outstanding - 4,414,651, 4,423,037, 4,434,840, 4,440,329 and 4,447,026 shares, respectively	1,830	1,830	1,830	1,830	1,830
Additional paid-in capital	8,294	8,238	8,183	8,059	8,003
Retained earnings	123,559	120,043	117,957	114,627	112,502
Accumulated other comprehensive income (loss), net of tax	(24,200)	(19,423)	(14,097)	628	1,530
Treasury stock, at cost - 1,076,147, 1,067,761, 1,055,958, 1,050,469 and 1,043,772 shares, respectively	(14,588)	(14,390)	(14,087)	(13,882)	(13,706)
Total stockholders' equity	94,895	96,298	99,786	111,262	110,159
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,319,569	$ 1,307,564	$ 1,265,945	$ 1,298,711	$ 1,297,663

PSB Holdings, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Quarter Ended Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021
Interest and dividend income:					
Loans, including fees	$ 10,225	$ 9,295	$ 9,054	$ 8,918	$ 9,323
Securities:					
Taxable	978	859	762	631	581
Tax-exempt	540	537	533	505	500
Other interest and dividends	163	52	42	31	45
Total interest and dividend income	11,906	10,743	10,391	10,085	10,449
Interest expense:					
Deposits	1,341	595	443	476	404
FHLB advances	209	234	169	192	220
Other borrowings	14	4	2	4	9
Senior subordinated notes	28	28	28	29	28
Junior subordinated debentures	202	179	166	165	165
Total interest expense	1,794	1,040	808	866	826
Net interest income	10,112	9,703	9,583	9,219	9,623
Provision for loan losses	-	-	-	-	-
Net interest income after provision for loan losses	10,112	9,703	9,583	9,219	9,623
Noninterest income:					
Service fees	409	392	388	382	379
Gain on sale of mortgage loans	98	182	277	451	494
Mortgage loan servicing, net	130	117	176	114	111
Investment and insurance sales commissions	357	404	456	500	426
Increase in cash surrender value of life insurance	157	152	150	151	153
Other noninterest income	558	686	531	646	563
Total noninterest income	1,709	1,933	1,978	2,244	2,126
Noninterest expense:					
Salaries and employee benefits	4,302	4,548	4,390	4,669	4,099
Occupancy and facilities	687	629	665	596	614
Loss (gain) on foreclosed assets	4	-	(6)	(347)	28
Data processing and other office operations	906	912	861	855	828
Advertising and promotion	185	173	152	155	199

Core deposit intangible amortization	34	38	47	47	47
Other noninterest expenses	1,069	1,151	1,083	1,382	1,131
Total noninterest expense	7,187	7,451	7,192	7,357	6,946
Income before provision for income taxes	4,634	4,185	4,369	4,106	4,803
Provision for income taxes	1,119	993	1,039	960	1,165
Net income	$ 3,515	$ 3,192	$ 3,330	$ 3,146	$ 3,638
Basic earnings per share	$ 0.80	$ 0.72	$ 0.75	$ 0.71	$ 0.82
Diluted earnings per share	$ 0.80	$ 0.72	$ 0.75	$ 0.71	$ 0.82

PSB Holdings, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Three Months Ended September 2022	2021	Nine Months Ended September 2022	2021
Interest and dividend income:				
Loans, including fees	$ 10,225	$ 9,323	$ 28,574	$ 28,737
Securities:				
Taxable	978	581	2,599	1,641
Tax-exempt	540	500	1,610	1,507
Other interest and dividends	163	45	257	116
Total interest and dividend income	11,906	10,449	33,040	32,001
Interest expense:				
Deposits	1,341	404	2,379	1,436
FHLB advances	209	220	612	656
Other borrowings	14	9	20	24
Senior subordinated notes	28	28	84	84
Junior subordinated debentures	202	165	547	419
Total interest expense	1,794	826	3,642	2,619
Net interest income	10,112	9,623	29,398	29,382
Provision for loan losses	-	-	-	1,000
Net interest income after provision for loan losses	10,112	9,623	29,398	28,382
Noninterest income:				
Service fees	409	379	1,189	1,058
Gain on sale of mortgage loans	98	494	557	2,309
Mortgage loan servicing, net	130	111	423	199
Investment and insurance sales commissions	357	426	1,217	1,486
Net gain on sale of securities	-	-	-	134
Increase in cash surrender value of life insurance	157	153	459	409
Other noninterest income	558	563	1,775	1,579
Total noninterest income	1,709	2,126	5,620	7,174
Noninterest expense:				
Salaries and employee benefits	4,302	4,099	13,240	11,474
Occupancy and facilities	687	614	1,981	1,830
Loss (gain) on foreclosed assets	4	28	(2)	181
Data processing and other office operations	906	828	2,679	3,021
Advertising and promotion	185	199	510	600
Core deposit intangible amortization	34	47	119	81
Other noninterest expenses	1,069	1,131	3,303	5,566
Total noninterest expense	7,187	6,946	21,830	22,753
Income before provision for income taxes	4,634	4,803	13,188	12,803
Provision for income taxes	1,119	1,165	3,151	3,132
Net income	$ 3,515	$ 3,638	$ 10,037	$ 9,671

Basic earnings per share	$ 0.80	$ 0.82	$ 2.27	$ 2.17
Diluted earnings per share	$ 0.80	$ 0.82	$ 2.27	$ 2.17

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

	Quarter ended				
Earnings and dividends:	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021
Interest income	$ 11,906	$ 10,743	$ 10,391	$ 10,085	$ 10,449
Interest expense	$ 1,794	$ 1,040	$ 808	$ 866	$ 826
Net interest income	$ 10,112	$ 9,703	$ 9,583	$ 9,219	$ 9,623
Provision for loan losses	$ -	$ -	$ -	$ -	$ -
Other noninterest income	$ 1,709	$ 1,933	$ 1,978	$ 2,244	$ 2,126
Other noninterest expense	$ 7,187	$ 7,451	$ 7,192	$ 7,357	$ 6,946
Net income	$ 3,515	$ 3,192	$ 3,330	$ 3,146	$ 3,638
Basic earnings per share (3)	$ 0.80	$ 0.72	$ 0.75	$ 0.71	$ 0.82
Diluted earnings per share (3)	$ 0.80	$ 0.72	$ 0.75	$ 0.71	$ 0.82
Dividends declared per share (3)	$ -	$ 0.25	$ -	$ 0.23	$ -
Tangible net book value per share (4)	$ 20.83	$ 21.10	$ 21.82	$ 24.36	$ 24.07
Semi-annual dividend payout ratio	n/a	16.96%	n/a	15.05%	n/a
Average common shares outstanding	4,419,421	4,428,939	4,433,375	4,445,465	4,450,755
Balance sheet - average balances:					
Loans receivable, net of allowances for loss	$ 931,344	$ 904,710	$ 878,979	$ 870,151	$ 862,555
Assets	$ 1,323,400	$ 1,290,906	$ 1,278,565	$ 1,295,780	$ 1,292,369
Deposits	$ 1,141,784	$ 1,099,314	$ 1,084,814	$ 1,092,872	$ 1,064,553
Stockholders' equity	$ 98,630	$ 98,261	$ 108,803	$ 112,089	$ 110,388
Performance ratios:					
Return on average assets (1)	1.05%	0.99%	1.06%	0.96%	1.12%
Return on average stockholders' equity (1)	14.14%	13.03%	12.41%	11.14%	13.08%
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets	8.95%	8.80%	8.99%	8.57%	8.39%
Net loan charge-offs to average loans (1)	0.01%	-0.02%	-0.05%	-0.10%	-0.08%
Nonperforming loans to gross loans	1.16%	1.21%	1.34%	1.42%	1.43%
Nonperforming assets to total assets	0.85%	0.88%	1.03%	1.06%	1.16%
Allowance for loan losses to gross loans	1.30%	1.32%	1.39%	1.38%	1.35%
Nonperforming assets to tangible equity plus the allowance for loan losses (4)	10.89%	11.04%	12.10%	11.58%	12.87%
Net interest rate margin (1)(2)	3.24%	3.23%	3.24%	3.01%	3.15%
Net interest rate spread (1)(2)	3.04%	3.11%	3.14%	2.89%	3.04%
Service fee revenue as a percent of average demand deposits (1)	0.56%	0.57%	0.58%	0.52%	0.53%
Noninterest income as a percent of gross revenue	12.55%	15.25%	15.99%	18.20%	16.91%
Efficiency ratio (2)	60.02%	63.20%	61.40%	63.37%	58.40%
Noninterest expenses to average assets (1)	2.15%	2.32%	2.28%	2.25%	2.13%
Tangible equity to tangible assets (4)	6.98%	7.15%	7.66%	8.35%	8.27%
Stock price information:					
High	$ 23.94	$ 26.35	$ 26.45	$ 27.00	$ 26.50
Low	$ 22.50	$ 22.82	$ 25.80	$ 24.60	$ 24.52
Last trade value at quarter-end	$ 22.50	$ 23.50	$ 26.00	$ 26.05	$ 24.95

(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, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021
Net income	$ 3,515	$ 3,192	$ 3,330	$ 3,146	$ 3,638
Other comprehensive income, net of tax:					
Unrealized gain (loss) on securities available for sale	(4,915)	(5,485)	(14,847)	(973)	(1,374)
Amortization of unrealized loss included in net income on securities available for sale transferred to securities held to maturity	92	88	-	-	-
Unrealized gain (loss) on interest rate swap	32	43	85	31	(5)
Reclassification adjustment of interest rate swap settlements included in earnings	13	28	37	40	40
Other comprehensive income (loss)	(4,778)	(5,326)	(14,725)	(902)	(1,339)
Comprehensive income (loss)	$ (1,263)	$ (2,134)	$ (11,395)	$ 2,244	$ 2,299

PSB Holdings, Inc.
Nonperforming Assets as of:

(dollars in thousands)	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021
Nonaccrual loans (excluding restructured loans)	$ 6,048	$ 6,036	$ 6,537	$ 6,425	$ 6,018
Nonaccrual restructured loans	70	146	170	1,000	1,526
Restructured loans not on nonaccrual	4,904	5,137	5,172	5,213	5,159
Accruing loans past due 90 days or more	-	-	-	-	-
Total nonperforming loans	11,022	11,319	11,879	12,638	12,703
Other real estate owned	160	160	1,103	1,103	2,398
Total nonperforming assets	$ 11,182	$ 11,479	$ 12,982	$ 13,741	$ 15,101
Nonperforming loans as a % of gross loans receivable	1.16%	1.21%	1.34%	1.42%	1.43%
Total nonperforming assets as a % of total assets	0.85%	0.88%	1.03%	1.06%	1.16%
Allowance for loan losses as a % of nonperforming loans	112.28%	109.48%	103.89%	96.71%	94.51%

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

Collateral Description	Asset Type	Gross Principal	Specific Reserves
Real estate - Hotel	Restructured	$ 4,630	$ -
Real estate - Buffet Style Restaurant	Nonaccrual	3,003	1,262
Real estate - Independent Auto Repair	Nonaccrual	834	104
Total listed nonperforming assets		$ 8,467	$ 1,366
Total bank wide nonperforming assets		$ 11,182	$ 1,620
Listed assets as a % of total nonperforming assets		76%	84%

PSB Holding, Inc.
Loan Composition by Purpose

Quarter-ended (dollars in thousands)	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021
Residential real estate:					
One to four family	$ 172,913	$ 169,437	$ 168,083	$ 168,584	$ 166,728
HELOC loans	18,423	17,776	16,709	17,198	18,011
Residential construction & development	22,313	22,462	21,590	23,093	25,162
Residential vacant land	3,069	1,599	1,697	1,763	6,629
Total Residential real estate	216,718	211,274	208,079	210,638	216,530
Commercial/Agricultural real estate:					
Owner occupied					
Commercial real estate	211,008	205,976	208,271	202,416	203,509
SBA commercial real estate	2,616	2,458	2,530	1,568	1,140
Agriculture real estate	3,902	3,583	3,651	3,716	4,046
Construction and land development	32,158	31,465	26,111	22,380	17,705
Commercial vacant land	5,214	5,351	5,194	3,529	3,572
Total Owner occupied	254,898	248,833	245,757	233,609	229,972
Non-owner occupied					
Commercial real estate	225,823	227,400	212,407	211,688	212,868
One to four family residential rental	66,224	61,749	56,305	52,437	49,542
SBA commercial real estate	-	-	-	1,010	682
Agricultural real estate	-	-	-	-	-
Construction and land development	25,543	25,086	23,080	25,899	29,618
Commercial vacant land	4,010	4,287	4,191	4,534	4,851
Total Non-owner occupied	321,600	318,522	295,983	295,568	297,561
Commercial/Agricultural non-real estate:					
Municipal non-real estate	7,133	6,352	6,403	11,858	7,623
Commercial line	56,154	65,728	54,626	52,151	47,646
Other commercial non-real estate	82,430	76,065	64,260	61,115	54,481
SBA commercial non-real estate	3,378	3,926	6,068	17,527	25,933

Agricultural non-real estate	1,491	1,409	1,340	1,130	1,325
Total Commercial/Agr. non-real estate	150,586	153,480	132,697	143,781	137,008
Consumer non-real estate:					
Consumer installment	4,005	4,305	4,201	4,054	4,369
Consumer line	494	493	486	480	477
Other consumer	116	123	118	117	125
Total Consumer non-real estate	4,615	4,921	4,805	4,651	4,971
Gross loans	948,417	937,030	887,321	888,247	886,042
Net deferred loan costs (fees)	537	503	423	107	(167)
Overdrafts	107	119	185	205	654
Allowance for loan losses	(12,375)	(12,392)	(12,341)	(12,222)	(12,005)
Total loans receivable	$ 936,686	$ 925,260	$ 875,588	$ 876,337	$ 874,524

PSB Holdings, Inc.
Deposit Composition

(dollars in thousands)	September 30, 2022		June 30, 2022		March 31, 2022		December 31, 2021		September 30, 2021	
	$	%	$	%	$	%	$	%	$	%
Non-interest bearing demand	$ 298,335	26.0%	$ 283,592	25.5%	$ 272,611	25.0%	$ 284,477	25.7%	$ 291,440	26.9%
Interest-bearing demand and savings	377,831	32.9%	376,150	33.8%	382,829	35.1%	413,522	37.4%	388,725	35.9%
Money market deposits	228,619	19.9%	226,907	20.4%	221,982	20.4%	219,145	19.8%	215,772	19.9%
Retail and local time deposits <= $250	132,095	11.4%	136,230	12.1%	138,821	12.8%	140,443	12.8%	142,439	13.2%
Total core deposits	1,036,880	90.2%	1,022,879	91.8%	1,016,243	93.3%	1,057,587	95.7%	1,038,376	95.9%
Retail and local time deposits > $250	22,799	2.0%	26,882	2.4%	28,754	2.6%	28,659	2.6%	24,824	2.3%
Broker & national time deposits <= $250	6,700	0.6%	7,443	0.7%	7,443	0.7%	7,793	0.7%	8,640	0.8%
Broker & national time deposits > $250	82,439	7.2%	56,255	5.1%	36,965	3.4%	11,201	1.0%	11,201	1.0%
Totals	$1,148,818	100.0%	$1,113,459	100.0%	$1,089,405	100.0%	$1,105,240	100.0%	$1,083,041	100.0%

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

	Quarter ended September 30, 2022			Quarter ended June 30, 2022			Quarter ended September 30, 2021		
	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate
Assets									
Interest-earning assets:									
Loans (1)(2)	$ 943,724	$ 10,235	4.30%	$ 917,065	$ 9,305	4.07%	$ 874,429	$ 9,334	4.23%
Taxable securities	199,727	978	1.94%	205,040	859	1.68%	195,160	581	1.18%
Tax-exempt									

securities (2)	82,242	684	3.30%	79,936	680	3.41%	84,241	633	2.98%
FHLB stock	2,579	32	4.92%	2,650	16	2.42%	2,646	27	4.05%
Other	28,823	131	1.80%	20,651	36	0.70%	75,119	18	0.10%
Total (2)	1,257,095	12,060	3.81%	1,225,342	10,896	3.57%	1,231,595	10,593	3.41%
Non-interest-earning assets:									
Cash and due from banks	19,400			18,731			20,310		
Premises and equipment, net	13,052			13,039			12,962		
Cash surrender value ins	24,666			24,510			24,059		
Other assets	21,567			21,639			15,317		
Allowance for loan losses	(12,380)			(12,355)			(11,874)		
Total	$ 1,323,400			$ 1,290,906			$ 1,292,369		
Liabilities & stockholders' equity									
Interest-bearing liabilities:									
Savings and demand deposits	$ 375,617	$ 370	0.39%	$ 379,734	$ 122	0.13%	$ 383,136	$ 73	0.08%
Money market deposits	232,713	399	0.68%	217,639	121	0.22%	213,584	90	0.17%
Time deposits	245,353	572	0.92%	224,539	352	0.63%	185,502	241	0.52%
FHLB borrowings	49,924	209	1.66%	62,659	234	1.50%	66,239	220	1.32%
Other borrowings	6,919	14	0.80%	5,028	4	0.32%	24,993	9	0.14%
Senior sub. notes	2,500	28	4.44%	2,500	28	4.49%	2,500	28	4.44%
Junior sub. debentures	12,781	202	6.27%	12,755	179	5.63%	12,679	165	5.16%
Total	925,807	1,794	0.77%	904,854	1,040	0.46%	888,633	826	0.37%
Non-interest-bearing liabilities:									
Demand deposits	288,101			277,402			282,331		
Other liabilities	10,862			10,389			11,017		
Stockholders' equity	98,630			98,261			110,388		
Total	$ 1,323,400			$ 1,290,906			$ 1,292,369		
Net interest income		$ 10,266			$ 9,856			$ 9,767	
Rate spread			3.04%			3.11%			3.04%
Net yield on interest-earning assets			3.24%			3.23%			3.15%

(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, 2022			Nine months ended September 30, 2021		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets						
Interest-earning assets:						
Loans (1)(2)	$ 917,541	$ 28,605	4.17%	$ 873,352	$ 28,772	4.40%
Taxable securities	207,179	2,599	1.68%	164,075	1,641	1.34%
Tax-exempt securities (2)	83,281	2,038	3.27%	84,351	1,908	3.02%
FHLB stock	2,625	82	4.18%	2,519	71	3.77%
Other	23,327	175	1.00%	46,590	45	0.13%
Total (2)	1,233,953	33,499	3.63%	1,170,887	32,437	3.70%
Non-interest-earning assets:						
Cash and due from banks	18,714			20,015		
Premises and equipment, net	12,942			12,600		

Cash surrender value ins		24,513				21,958	
Other assets		19,995				13,956	
Allowance for loan losses		(12,338)				(11,687)	
Total	$	1,297,779			$	1,227,729	
Liabilities & stockholders' equity							
Interest-bearing liabilities:							
Savings and demand deposits	$	383,795	$ 561	0.20%	$	356,532	$ 203 0.08%
Money market deposits		222,975	609	0.37%		214,751	304 0.19%
Time deposits		222,946	1,209	0.73%		169,182	929 0.73%
FHLB borrowings		54,590	612	1.50%		66,711	656 1.31%
Other borrowings		6,135	20	0.44%		23,183	24 0.14%
Senior sub. notes		2,500	84	4.49%		2,500	84 4.49%
Junior sub. debentures		12,755	547	5.73%		10,205	419 5.49%
Total		905,696	3,642	0.54%		843,064	2,619 0.42%
Non-interest-bearing liabilities:							
Demand deposits		279,135				264,536	
Other liabilities		11,093				10,796	
Stockholders' equity		101,855				109,333	
Total	$	1,297,779			$	1,227,729	
Net interest income			$ 29,857				$ 29,818
Rate spread				3.09%			3.28%
Net yield on interest-earning assets				3.24%			3.40%

(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%.

Investor Relations Contact

PSB Holdings, Inc.

1905 Stewart Avenue

Wausau, WI 54401

888.929.9902

InvestorRelations@bankpeoples.com

Source: PSB Holdings, Inc.