



NEWS RELEASE

## PSB Reports First Quarter 2019 Earnings of \$2.7 Million or \$0.61 Per Share; Common Stock Upgraded to Trade on OTCQX

2019-04-29

WAUSAU, Wis., April 29, 2019 (GLOBE NEWSWIRE) -- PSB Holdings, Inc. ("PSB") (OTCQX: PSBQ), the holding company for Peoples State Bank serving North Central Wisconsin, reported first quarter earnings ending March 31, 2019 of \$2.73 million, or \$0.61 per share, compared to earnings of \$0.56 per share on net income of \$2.53 million one quarter earlier and \$0.52 per share one year earlier on earnings of \$2.36 million. The first quarter earnings included a \$534,000 gain on equity securities, or \$.09 per share, due to a change in accounting principle.

"We continue to realize organic loan, deposit, and earnings growth year-over-year. March 2019 quarter return on equity of 13.42% was strong and has ranged from 12.62% to 14.57% over the past five quarters. Before the positive impact of the change in accounting principle and resulting gain on securities, March 2019 net income was similar to the prior year quarter as increased net interest income from higher net margin was offset by higher provision for loan losses," stated Scott Cattanach, President and CEO. "To enhance the visibility of our common stock, we recently moved to the OTCQX trading platform in an effort to appeal to a wider group of investors."

Financial Highlights (at or for the periods ended March 31, 2019, compared to December 31, 2018 and/or March 31, 2018, as applicable):

- The net interest margin increased to 3.63% for the quarter ended March 31, 2019, compared to 3.58% the previous quarter and 3.49% for the first quarter one year earlier.
- Return on shareholders' equity was 13.42% for the quarter ended March 31, 2019 compared to 12.62% one quarter earlier and 12.90% for the first quarter one year earlier. Return on average assets was 1.23% for the first quarter of 2019 compared to 1.14% the previous quarter and 1.13% for the first quarter one year earlier. Excluding the gain on equity securities due to the change in accounting principle, quarter ended March 31,

2019, return on shareholders' equity was 11.41% and return on average assets was 1.05%.

- Non-interest income, due to a change in accounting principle, increased \$534,000 during the quarter ended March 31, 2019.
- Loan loss provisions increased to \$400,000 for the quarter ended March 31, 2019 reflecting reserves against an increasing loan portfolio and a specific reserve established on a credit exposed to the bankruptcy of the retailer Shopko.
- The efficiency ratio was 58.59% for the quarter ended March 31, 2019 compared to 62.54% one quarter earlier and 63.08% in the year ago quarter. Excluding the equity securities gain for the quarter ended March 31, 2019, the efficiency ratio was 61.89%.
- Tangible net book value was \$18.89 per share at March 31, 2019, an increase of 5.06% from \$17.98 per share as of December 31, 2018 and 14.35% from \$16.52 per share at March 31, 2018.

#### Balance Sheet and Asset Quality Review

Total assets were \$893.8 million as of March 31, 2019, compared to \$916.0 million as of December 31, 2018.

Relative to the prior quarter, assets decreased \$22.2 million, or 2.42%. Total loans receivable increased \$2.28 million which continued to be partially fueled by origination activity in our loan production office in Milwaukee.

Organic loan growth was offset by seasonal paydowns of commercial lines of credit of \$11.2 million. Most of the loan growth was in the commercial/agricultural real estate loan portfolio, which increased to \$360.0 million at March 31, 2019 from \$349.4 million at December 31, 2018. The growth in commercial real estate loans was partially offset by the decline in commercial/agricultural non-real estate loans which declined \$7.8 million to \$139.4 million at March 31, 2019 from \$147.2 million at December 31, 2018. Non-owner occupied commercial/agricultural real estate loans represented the largest component of the loan portfolio at 30.7% of gross loans at March 31, 2019, followed by residential real estate loans at 24.6%, owner occupied commercial/agricultural real estate loans at 23.3%, commercial loans at 20.9% and consumer loans at 0.5%. The allowance for loan losses was 0.98% of gross loans at March 31, 2019, compared to 0.94% at the end of the previous quarter and 1.04% one year earlier. The annualized net charge-offs to average loans was 0.08% for the quarter ended March 31, 2019 compared to 0.07% at the end of the previous quarter and 0.03% one year earlier.

Non-performing assets were 0.84% of total assets at March 31, 2019, compared to 0.67% at December 31, 2018, and 0.79% at March 31, 2018. The slight increase in non-performing assets relates to a commercial real estate credit that leases property to the retailer Shopko. The retailer announced bankruptcy filing in mid-January 2019 and subsequently announced on March 19, 2019 the liquidation of all stores by June 2019. At March 31, 2019, we

had two Shopko related credits with a balance of \$3.7 million of which one credit was listed as non-performing for \$1.5 million. At March 31, 2019, non-performing assets consisted of \$4.8 million in non-accruing loans, \$2.3 million in restructured loans not on non-accrual, \$283,000 in non-accrual restructured loans and \$113,000 in foreclosed assets. Nonperforming assets aggregating to \$500,000 or more, measured by gross principal outstanding per credit relationship, included three relationships at March 31, 2019, totaling \$3.3 million. Specific reserves maintained on these large problem loans were \$577,000 at March 31, 2019.

At March 31, 2019, cash and investments totaled \$195.7 million compared to \$219.1 million at December 31, 2018. "During the most recent quarter, we sold some shorter-term bonds and repurchased bonds with longer maturities to extend the duration of our investment portfolio and paid off some wholesale borrowings. The impact increased our investment yield as the interest rate environment appears to have stabilized and our maturity schedule aligns with our investment needs. Additionally, the reduction of wholesale funding sources has improved our net interest margin," said Mark Oldenberg, Chief Financial Officer.

Total deposits decreased \$10.4 million to \$715.4 million at March 31, 2019 from \$725.8 million at December 31, 2018. At March 31, 2019, interest-bearing demand and savings deposits accounted for 34.0% of total deposits, followed by money market deposits at 22.5%, noninterest-bearing demand deposits at 19.3% and retail and local time deposits at 17.4%. Broker and national time deposits accounted for 6.8% of total deposits at March 31, 2019 versus 7.6% the prior quarter and 8.5% one year earlier.

FHLB advances decreased \$29.9 million to \$51.2 million at March 31, 2019, from \$81.1 million at December 31, 2018 as wholesale funding needs were reduced and repayments were made from liquid investments. Total borrowings decreased to \$84.3 million at March 31, 2019, from \$99.7 million at the end of the prior quarter.

For the quarter ended March 31, 2019, stockholders' equity increased \$4.2 million, or 5.26%, to \$85.1 million, compared to \$80.8 million at December 31, 2018. Tangible net book value per share increased 5.06% to \$18.89 per share, at March 31, 2019, compared to \$17.98 per share at December 31, 2018. PSB's tangible equity to total assets increased to 9.50% at March 31, 2019, compared to 8.81% at December 31, 2018.

## Operations Review

Net interest income totaled \$7.6 million (on a net margin of 3.63%) for the first quarter of 2019, compared to \$7.5 million (on net margin of 3.58%) for the fourth quarter of 2018 and \$6.8 million (on a net margin of 3.49%) for the first quarter of 2018. Net interest income growth from the prior quarter was mainly due to a higher net interest margin as loans and investments repriced slightly faster than the funding sources and the benefit realized from extending bond duration. Compared to the December 2018 quarter, loans and investment yields increased 12 bps to 4.59% during the quarter ended March 31, 2019 while deposit and borrowing costs rose only 8 bps to 1.23%.

Loan yields increased to 5.09% from 4.95% during the quarter ended March 31, 2019.

The cost of interest-bearing liabilities increased during the quarter but at a slower rate than the yield on interest-earning assets as less wholesale funding sources were utilized and lower costing core deposits funded a larger portion of loans and investments. The largest change in interest expense during the current quarter came from interest cost associated with savings and demand deposits where costs increased from \$370,000 to \$472,000. Interest cost related to time deposits, however, declined over the quarter from \$785,000 to \$782,000 due primarily to a smaller deposit balance. Interest cost related to FHLB advances also declined over the quarter to \$309,000 from \$315,000 as average borrowings declined slightly. The net impact was a 5 bp increase in the net interest margin which increased to 3.63% for the quarter ended March 31, 2019 from 3.58% the previous quarter ended December 31, 2018.

The provision for loan losses totaled \$400,000 during the first quarter of 2019 compared to a provision of \$60,000 for the prior linked quarter. The increased provision primarily relates to establishing reserves related to a credit associated with the bankruptcy of Shopko and reserves against the growing loan portfolio.

Total noninterest income for the first quarter of 2019 was \$2.1 million compared to \$1.7 million during the preceding quarter and \$1.6 million for the first quarter of 2018. The increase from the previous quarter was primarily related to a gain realized on an equity investment of approximately \$534,000, due to a change in accounting principle. Commissions on investment and insurance sales declined to \$333,000 from \$430,000 the prior quarter. Service fees and gains on the sale of mortgage loans in the first quarter were \$381,000 and \$175,000, respectively, compared to \$388,000 and \$284,000 during the first quarter of 2018. The decrease in gain on sale of mortgage loans was due to fewer units sold into the secondary market as limited local housing inventory and seasonal factors hurt sales volume.

Noninterest expense was \$5.7 million for the first quarter of 2019 compared to \$5.8 million for the fourth quarter of 2018 and \$5.4 million for the first quarter of 2018. For the first quarter of 2019 noninterest expense decreased due to decreased salaries and benefit expenses, data processing/other office operation expenses and lower advertising and promotion expenses.

#### Results of Annual Meeting of Shareholders

PSB Holdings, Inc. today announced that shareholders approved all proposals and re-elected all director nominees at its 2019 Annual Meeting held April 16, 2019 in Wausau, WI. The proposals included the election of directors, an amendment to the Articles of Incorporation to increase the authorized shares outstanding, an amendment to the Articles of Incorporation to stagger the election terms of board members and the ratification of auditors.

## 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 north central Wisconsin from nine full service banking locations in Marathon, Oneida, and Vilas counties and loan production offices in Milwaukee and 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](http://www.psbholdingsinc.com).

## Forward Looking Statements

Certain matters discussed in this news release, including without limitation those relating to potential loan and deposit growth, future profits, changes in noninterest income and expenses, pro-forma impacts to income from non-recurring or unusual income and expense items, and future interest rates, are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties which may cause results to differ materially from those set forth in this release. Among other things, these risks and uncertainties include the strength of the economy, the effects of government policies, including, in particular, interest rate policies, and other risks and assumptions. PSB Holdings, Inc. assumes no obligation to update or supplement forward-looking statements that become untrue because of events subsequent to this press release.

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

	Quarter ended				
	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018
Earnings and dividends:					
Interest income	\$ 9,604	\$ 9,365	\$ 9,063	\$ 8,685	\$ 8,076
Interest expense	\$ 2,032	\$ 1,888	\$ 1,805	\$ 1,406	\$ 1,262
Net interest income	\$ 7,572	\$ 7,477	\$ 7,258	\$ 7,279	\$ 6,814
Provision for loan losses	\$ 400	\$ 60	\$ 10	\$ 30	\$ 30
Other noninterest income	\$ 2,117	\$ 1,718	\$ 1,615	\$ 1,553	\$ 1,590
Other noninterest expense	\$ 5,745	\$ 5,829	\$ 5,373	\$ 5,145	\$ 5,366
Net income	\$ 2,731	\$ 2,529	\$ 2,661	\$ 2,767	\$ 2,355
Basic earnings per share (3)	\$ 0.61	\$ 0.56	\$ 0.59	\$ 0.62	\$ 0.52
Diluted earnings per share (3)	\$ 0.61	\$ 0.56	\$ 0.59	\$ 0.62	\$ 0.52
Dividends declared per share (3)	\$ -	\$ 0.18	\$ -	\$ 0.18	\$ -
Tangible net book value per share					

(4)	\$	18.89	\$	17.98	\$	17.37	\$	16.90	\$	16.52
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Semi-annual dividend payout ratio		n/a		15.56%		n/a		15.49%		n/a
Average common shares outstanding		4,494,568		4,488,397		4,490,621		4,492,059		4,515,384

Balance sheet - average balances:

Loans receivable, net of allowances for loss	\$	658,586	\$	646,063	\$	634,469	\$	619,251	\$	608,203
Assets	\$	899,263	\$	883,373	\$	881,518	\$	845,816	\$	841,863
Deposits	\$	713,257	\$	708,318	\$	708,521	\$	691,706	\$	691,799
Stockholders' equity	\$	82,516	\$	79,525	\$	77,390	\$	76,150	\$	74,026

Performance ratios:

Return on average assets (1)		1.23%		1.14%		1.20%		1.31%		1.13%
Return on average stockholders' equity (1)		13.42%		12.62%		13.64%		14.57%		12.90%
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets		9.27%		9.22%		9.02%		9.21%		8.92%
Net loan charge-offs to average loans (1)		0.08%		0.07%		-0.06%		0.16%		0.03%
Nonperforming loans to gross loans		1.11%		0.91%		0.84%		0.81%		1.05%
Nonperforming assets to total assets		0.84%		0.67%		0.67%		0.67%		0.79%
Allowance for loan losses to gross loans		0.98%		0.94%		0.98%		0.97%		1.04%
Nonperforming assets to tangible equity plus the allowance for loan losses (4)		8.40%		7.20%		7.14%		7.37%		8.47%
Net interest rate margin (1)(2)		3.63%		3.58%		3.48%		3.67%		3.49%
Net interest rate spread (1)(2)		3.36%		3.32%		3.23%		3.46%		3.31%
Service fee revenue as a percent of average demand deposits (1)		1.12%		1.15%		1.16%		1.13%		1.15%
Noninterest income as a percent of gross revenue		18.06%		15.50%		15.12%		15.17%		16.45%
Efficiency ratio (2)		58.59%		62.54%		59.75%		57.56%		63.08%
Noninterest expenses to average assets (1)		2.59%		2.62%		2.42%		2.44%		2.59%
Tangible equity to actual assets		9.50%		8.81%		8.83%		8.61%		8.79%

Stock price information:

High	\$	23.45	\$	27.50	\$	27.45	\$	24.67	\$	23.67
Low	\$	21.25	\$	21.10	\$	24.08	\$	23.08	\$	22.92
Last trade value at quarter-end	\$	22.75	\$	22.50	\$	27.20	\$	24.67	\$	23.58

(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 and any preferred stock capital elements.

PSB Holdings, Inc.  
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Quarter Ended				
	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018	Mar. 31, 2018
Interest and dividend income:					
Loans, including fees	\$ 8,334	\$ 8,125	\$ 7,814	\$ 7,579	\$ 6,971
Securities:					
Taxable	713	714	732	677	676
Tax-exempt	396	424	394	364	335
Other interest and dividends	161	102	123	65	94
<b>Total interest and dividend income</b>	<b>9,604</b>	<b>9,365</b>	<b>9,063</b>	<b>8,685</b>	<b>8,076</b>
Interest expense:					
Deposits	1,553	1,435	1,324	1,078	978
FHLB advances	309	315	359	221	190
Other borrowings	51	18	1	3	2
Senior subordinated notes	28	28	28	29	26
Junior subordinated debentures	91	92	93	75	66
<b>Total interest expense</b>	<b>2,032</b>	<b>1,888</b>	<b>1,805</b>	<b>1,406</b>	<b>1,262</b>
Net interest income	7,572	7,477	7,258	7,279	6,814
Provision for loan losses	400	60	10	30	30
<b>Net interest income after provision for loan losses</b>	<b>7,172</b>	<b>7,417</b>	<b>7,248</b>	<b>7,249</b>	<b>6,784</b>
Noninterest income:					
Service fees	381	419	415	389	388
Gain on sale of mortgage loans	175	227	286	258	284
Mortgage loan servicing, net	125	129	115	131	98
Investment and insurance sales commissions	333	430	299	274	304
Net gain on sale of securities	18	-	-	-	-
Increase in cash surrender value of life insurance	98	96	95	93	89
Other noninterest income	987	417	405	408	427

Total noninterest income	2,117	1,718	1,615	1,553	1,590
Noninterest expense:					
Salaries and employee benefits	3,428	3,566	3,244	3,101	3,283
Occupancy and facilities	601	526	499	534	556
Loss (gain) on foreclosed assets	4	(17)	(7)	(18)	8
Data processing and other office operations	577	654	649	625	635
Advertising and promotion	100	163	98	74	85
FDIC insurance premiums	59	61	63	65	58
Other noninterest expenses	976	876	827	764	741
Total noninterest expense	5,745	5,829	5,373	5,145	5,366
Income before provision for income taxes	3,544	3,306	3,490	3,657	3,008
Provision for income taxes	813	777	829	890	653
Net income	\$ 2,731	\$ 2,529	\$ 2,661	\$ 2,767	\$ 2,355
Basic earnings per share	\$ 0.61	\$ 0.56	\$ 0.59	\$ 0.62	\$ 0.52
Diluted earnings per share	\$ 0.61	\$ 0.56	\$ 0.59	\$ 0.62	\$ 0.52

PSB Holdings, Inc.  
Consolidated Statements of Comprehensive Income

(dollars in thousands - unaudited)	Three Months Ended March 31,	
	2019	2018
Net income	\$ 2,731	\$ 2,355
Other comprehensive income, net of tax:		
Unrealized gain (loss) on securities available for sale	1,515	(1,048)
Reclassification adjustment for security gain included in net income	(13)	-
Amortization of unrealized gain included in net income on securities available for sale transferred to securities held to maturity	(4)	(14)
Unrealized gain (loss) on interest rate swap	(77)	-
Reclassification adjustment of interest rate		

swap settlements included in earnings		3		-
Other comprehensive income (loss)		1,424		(1,062)
Comprehensive income		\$ 4,155	\$	1,293

PSB Holdings, Inc.  
Consolidated Balance Sheets  
March 31, 2019, September 30, June 30, and March 31, 2018 unaudited,  
December 31, 2018 derived from audited financial statements

(dollars in thousands, except per share data)	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018
<b>Assets</b>					
Cash and due from banks	\$ 8,917	\$ 18,923	\$ 15,348	\$ 11,876	\$ 8,854
Interest-bearing deposits	349	501	930	453	164
Federal funds sold	12,989	24,554	14,246	19,493	21,050
Cash and cash equivalents	22,255	43,978	30,524	31,822	30,068
Securities available for sale (at fair value)	127,368	113,821	114,997	114,939	102,865
Securities held to maturity (fair values of \$43,338, \$57,607, \$59,341, \$61,487 and \$63,783 respectively)	43,061	58,311	60,421	62,299	64,536
Bank certificates of deposit (at cost)	2,976	2,976	2,976	2,976	3,472
Loans held for sale	245	358	-	405	156
Loans receivable, net	660,756	658,481	636,712	631,620	606,764
Accrued interest receivable	2,826	2,777	2,709	2,544	2,372
Foreclosed assets	113	113	483	736	260
Premises and equipment, net	10,426	10,209	10,339	10,524	10,582
Mortgage servicing rights, net	1,781	1,805	1,805	1,817	1,817
Federal Home Loan Bank stock (at cost)	1,657	2,330	2,011	2,297	1,672
Cash surrender value of bank-owned life insurance	16,463	16,365	15,407	15,312	15,219
Other assets	3,836	4,474	4,893	4,655	4,438
<b>TOTAL ASSETS</b>	<b>\$ 893,763</b>	<b>\$ 915,998</b>	<b>\$ 883,277</b>	<b>\$ 881,946</b>	<b>\$ 844,221</b>
<b>Liabilities</b>					
Non-interest-bearing deposits	\$ 138,124	\$ 148,611	\$ 151,484	\$ 138,079	\$ 136,873

Interest-bearing deposits	577,263	577,215	565,799	571,512	557,118
<b>Total deposits</b>	<b>715,387</b>	<b>725,826</b>	<b>717,283</b>	<b>709,591</b>	<b>693,991</b>
Federal Home Loan Bank advances	51,165	81,071	64,660	71,523	48,831
Other borrowings	22,870	8,379	4,864	1,140	8,513
Senior subordinated notes	2,500	2,500	2,500	2,500	2,500
Junior subordinated debentures	7,732	7,732	7,732	7,732	7,732
Accrued expenses and other liabilities	9,047	9,650	8,144	13,412	8,302
<b>Total liabilities</b>	<b>808,701</b>	<b>835,158</b>	<b>805,183</b>	<b>805,898</b>	<b>769,869</b>
<b>Stockholders' equity</b>					
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 - 4,495,110, 4,487,895, 4,488,720, 4,491,789 and 4,486,245 shares, respectively	1,830	1,830	1,830	1,830	1,830
Additional paid-in capital	7,497	7,430	7,384	7,339	7,446
Retained earnings	88,314	85,583	83,861	81,200	79,226
Accumulated other comprehensive loss, net of tax	(227)	(1,651)	(2,649)	(2,059)	(1,759)
Treasury stock, at cost - 995,688, 1,002,903, 1,002,078, 999,009 and 1,004,553 shares, respectively	(12,352)	(12,352)	(12,332)	(12,262)	(12,391)
<b>Total stockholders' equity</b>	<b>85,062</b>	<b>80,840</b>	<b>78,094</b>	<b>76,048</b>	<b>74,352</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 893,763</b>	<b>\$ 915,998</b>	<b>\$ 883,277</b>	<b>\$ 881,946</b>	<b>\$ 844,221</b>

PSB Holdings, Inc.  
Loan Composition by Purpose

(dollars in thousands)	Quarter ended:				
	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018

Residential real estate:

One to four family	\$ 116,393	\$ 117,970	\$ 120,130	\$ 119,736	\$ 120,542
HELOC loans	23,631	24,746	25,880	25,529	24,730
Residential construction & development	18,893	16,413	13,483	12,464	12,174
Residential vacant land	5,052	5,370	5,507	7,017	6,451

Total Residential real estate	163,969	164,499	165,000	164,746	163,897
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Commercial/Agricultural real estate:

Owner occupied:

Commercial real estate	147,435	145,480	141,043	136,248	135,170
SBA commercial real estate	1,741	1,769	1,888	1,560	1,863
Agriculture real estate	5,078	4,968	4,895	4,547	4,392
Construction and land development	6,523	1,186	3,031	1,088	-

Total Owner occupied	160,777	153,403	150,857	143,443	141,425
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Non-owner occupied:

Commercial real estate	161,647	147,246	134,860	135,162	137,939
SBA commercial real estate	146	151	156	160	161
Agricultural real estate	0	315	321	331	338
Construction and land development	22,014	34,452	29,450	30,289	26,014
Commercial vacant land	15,404	13,800	14,414	11,535	10,809

Total Non-owner occupied	199,211	195,964	179,201	177,477	175,261
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Commercial/Agricultural non-real estate:

Municipal non-real estate	6,353	6,806	6,661	8,532	6,037
Commercial line	58,117	68,300	62,357	64,652	51,684
Other commercial non-real estate	69,073	65,829	68,446	69,474	65,845
SBA commercial non-real estate	2,169	2,278	2,557	2,785	2,893
Agricultural non-real estate	3,699	3,994	4,366	3,396	3,095

Total Commercial/Ag. non-real estate	139,411	147,207	144,387	148,839	129,554
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Consumer non-real estate:

Consumer installment	2,793	2,755	2,629	2,415	2,183
Consumer line	344	243	216	220	250
Other consumer	190	218	212	199	204

Total Consumer non-real estate	3,327	3,216	3,057	2,834	2,637
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Gross loans	666,695	664,289	642,502	637,339	612,774
Net deferred loan costs	272	213	212	237	211
Overdrafts	296	211	278	217	166
Allowance for loan losses	(6,507)	(6,232)	(6,280)	(6,173)	(6,387)
<u>Total loans receivable</u>	<u>\$ 660,756</u>	<u>\$ 658,481</u>	<u>\$ 636,712</u>	<u>\$ 631,620</u>	<u>\$ 606,764</u>

PSB Holdings, Inc.  
Deposit Composition

(dollars in thousands)	March 31,				December 31,	
	2019		2018		2018	
	\$	%	\$	%	\$	%
Non-interest bearing demand	\$ 138,124	19.3%	\$ 136,873	19.7%	\$ 148,611	20.5%
Interest-bearing demand and savings	243,463	34.0%	237,327	34.2%	254,857	35.1%
Money market deposits	160,927	22.5%	144,334	20.8%	145,300	20.0%
Retail and local time deposits <= \$250	99,679	13.9%	97,752	14.1%	99,584	13.8%
Total core deposits	642,193	89.7%	616,286	88.8%	648,352	89.4%
Retail and local time deposits > \$250	24,990	3.5%	18,702	2.7%	22,131	3.0%
Broker & national time deposits <= \$250	2,732	0.4%	5,847	0.8%	2,483	0.3%
Broker & national time deposits > \$250	45,472	6.4%	53,156	7.7%	52,860	7.3%
<u>Totals</u>	<u>\$ 715,387</u>	<u>100.0%</u>	<u>\$ 693,991</u>	<u>100.0%</u>	<u>\$ 725,826</u>	<u>100.0%</u>

Nonperforming Assets as of: (dollars in thousands)	March		December
	2019	2018	31, 2018
Nonaccrual loans (excluding restructured loans)	\$ 4,827	\$ 3,540	\$ 3,422
Nonaccrual restructured loans	283	862	313

Restructured loans not on nonaccrual	2,305	2,010	2,284
Accruing loans past due 90 days or more	-	-	-
Total nonperforming loans	7,415	6,412	6,019
Foreclosed assets	113	260	113
<u>Total nonperforming assets</u>	<u>\$ 7,528</u>	<u>\$ 6,672</u>	<u>\$ 6,132</u>
Nonperforming loans as a % of gross loans receivable	1.11%	1.05%	0.91%
Total nonperforming assets as a % of total assets	0.84%	0.79%	0.67%
Allowance for loan losses as a % of nonperforming loans	87.75%	99.61%	103.54%

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

	Quarter ended March 31, 2019			Quarter ended March 31, 2018		
	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate
Assets						
Interest-earning assets:						
Loans (1)(2)	\$ 664,845	\$ 8,346	5.09%	\$ 614,616	\$ 6,984	4.61%
Taxable securities	105,120	713	2.75%	111,596	676	2.46%
Tax-exempt securities (2)	65,111	501	3.12%	56,432	424	3.05%
FHLB stock	2,015	35	7.04%	1,871	23	4.99%
Other	21,342	126	2.39%	18,494	71	1.56%
Total (2)	858,433	9,721	4.59%	803,009	8,178	4.13%
Non-interest-earning assets:						
Cash and due from banks	11,325			10,711		
Premises and equipment, net	10,382			10,539		
Cash surrender value ins	16,405			15,166		
Other assets	8,977			8,851		
Allowance for loan losses	(6,259)			(6,413)		
<u>Total</u>	<u>\$ 899,263</u>			<u>\$ 841,863</u>		

Liabilities & stockholders' equity  
Interest-bearing liabilities:

Savings and demand deposits	\$ 253,299	\$ 472	0.76%	\$ 240,557	\$ 268	0.45%
Money market deposits	146,625	299	0.83%	138,143	145	0.43%
Time deposits	175,550	782	1.81%	175,964	565	1.30%
FHLB borrowings	64,330	309	1.95%	52,311	190	1.47%
Other borrowings	19,788	51	1.05%	4,831	2	0.17%
Senior sub. notes	2,500	28	4.54%	2,500	26	4.22%
Junior sub. debentures	7,732	91	4.77%	7,732	66	3.46%
<b>Total</b>	<b>669,824</b>	<b>2,032</b>	<b>1.23%</b>	<b>622,038</b>	<b>1,262</b>	<b>0.82%</b>
Non-interest-bearing liabilities:						
Demand deposits	137,783			137,135		
Other liabilities	9,140			8,664		
Stockholders' equity	82,516			74,026		
<b>Total</b>	<b>\$ 899,263</b>			<b>\$ 841,863</b>		
<b>Net interest income</b>		<b>\$ 7,689</b>			<b>\$ 6,916</b>	
<b>Rate spread</b>			<b>3.36%</b>			<b>3.31%</b>
<b>Net yield on interest-earning assets</b>			<b>3.63%</b>			<b>3.49%</b>

(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)

	Quarter ended March 31, 2019			Quarter ended December 31, 2018		
	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate
Assets						
Interest-earning assets:						
Loans (1)(2)	\$ 664,845	\$ 8,346	5.09%	\$ 652,342	\$ 8,137	4.95%
Taxable securities	105,120	713	2.75%	105,269	714	2.69%
Tax-exempt securities (2)	65,111	501	3.12%	68,576	537	3.11%

FHLB stock	2,015	35	7.04%	2,004	25	4.95%
Other	21,342	126	2.39%	13,748	77	2.22%
<hr/>						
Total (2)	858,433	9,721	4.59%	841,939	9,490	4.47%
Non-interest-earning assets:						
Cash and due from banks	11,325			11,855		
Premises and equipment, net	10,382			10,311		
Cash surrender value ins	16,405			15,751		
Other assets	8,977			9,796		
Allowance for loan losses	(6,259)			(6,279)		
<hr/>						
Total	\$ 899,263			\$ 883,373		
<hr/>						
Liabilities & stockholders' equity						
Interest-bearing liabilities:						
Savings and demand						
deposits	\$ 253,299	\$ 472	0.76%	\$ 235,839	\$ 370	0.62%
Money market deposits	146,625	299	0.83%	143,618	280	0.77%
Time deposits	175,550	782	1.81%	184,178	785	1.69%
FHLB borrowings	64,330	309	1.95%	64,833	315	1.93%
Other borrowings	19,788	51	1.05%	11,139	18	0.64%
Senior sub. notes	2,500	28	4.54%	2,500	28	4.44%
Junior sub. debentures	7,732	91	4.77%	7,732	92	4.72%
<hr/>						
Total	669,824	2,032	1.23%	649,839	1,888	1.15%
Non-interest-bearing liabilities:						
Demand deposits	137,783			144,683		
Other liabilities	9,140			9,326		
Stockholders' equity	82,516			79,525		
<hr/>						
Total	\$ 899,263			\$ 883,373		
<hr/>						
Net interest income	\$ 7,689			\$ 7,602		
Rate spread			3.36%			3.32%
Net yield on interest-earning assets			3.63%			3.58%

(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%.

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Source: PSB Holdings, Inc.