NEWS RELEASE

PSB Reports First Quarter 2020 Earnings of $1.6 Million or $0.36 Per Share; COVID-19 Preparations Begin

2020-04-27

WAUSAU, Wis., April 27, 2020 (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, 2020 of $0.36 per PSB share on net income of $1.61 million, compared to earnings of $0.63 per share on net income of $2.81 million during the December 31, 2019 quarter, and $0.61 per share on earnings of $2.73 million during the first quarter a year ago. First quarter earnings reflect the initial impact of COVID-19 preparations and the Safer-At-Home Order by Governor Evers effective March 25, 2020, resulting in the closing of businesses or a substantial reduction in business activity. Our first quarter operating results reflected: (1) significantly higher loan loss provisions related to the COVID-19 pandemic and its expected credit impact from a slowing economy, (2) a lower net interest margin due in part to a higher level of liquidity amidst a declining interest rate environment, (3) higher non-interest expenses related to higher health insurance claims, significant donations and prepayment penalties on FHLB advances, offset by (4) higher fee income from the sale of mortgage loans.

“The health and well-being of our workforce and customers is critical to the success of our daily banking operations. As such, PSB began preparations for the COVID-19 pandemic during mid-February, which led to closing branch lobbies as of March 19th, sending selected personnel to work from home and providing appropriate IT equipment and services to accommodate the Safer-At Home Order. Our lending teams have reached out to borrowers that have been affected by the declining economic activity and offered assistance in various forms including deferred payments, interest-only payments and fee waivers. We are particularly focused on customers that may have difficulty re-opening their businesses in sufficient time to re-generate the cash-flow needed to sustain their operation. We have worked with our customers to file applications for the Paycheck Protection Program (“PPP”) offered through the Small Business Administration and expect the Program to provide some short-term relief in their efforts to sustain operations. Meanwhile, we are closely monitoring loan payments and requests

for modifications daily. In anticipation of future credit losses, we increased our loan loss provision during the quarter, and we elevated our liquidity levels in anticipation of higher cash needs by our customers. Our actions are intended to be proactive and I believe early identification of potential problem credits allows us to minimize future loan charge-offs," stated Scott Cattanach, President and CEO.

COVID-19 Preparations:

Industry Exposure: PSB has identified various industries that may be adversely impacted by the Safer-At-Home Order. Though these industries may change, management believes the following industries are where PSB has exposure that will experience the most immediate impacts; Percentages are of the total commercial related portfolio credit extensions: Non-Owner Occupied Commercial Real Estate (15.35%), Hotel and Restaurants (9.53%), Medical (6.78%), Retail Stores (2.81%), and Recreation (0.95%).

The following table indicates PSB's Top Industry Concentrations by total credit extension (both used and unused lines) and as a percentage of total commercial related credit extension as of March 31, 2020:

Top Industry Concentration

Industry	Total Loans	% of Ln Portfolio
Manufacturing	104,324,682	15.79%
Non-Owner Occupied (Commercial)	101,365,497	15.35%
Non-Owner Occupied (Residential)	88,475,930	13.39%
Services	59,017,480	8.93%
Construction, Remodeling (Res. And Com.)	58,076,718	8.79%
Medical	44,813,107	6.78%
Hotels	34,023,864	5.15%
Trucking	31,861,145	4.82%
Restaurant	28,925,419	4.38%
Gas Stations and Oil Production	26,414,732	4.00%
Retail Stores	18,589,256	2.81%
Automotive and Marine Dealerships (Includes Maint.)	17,979,590	2.72%

Loan Accommodations: During the quarter-ended March 31, 2020, PSB recorded loan accommodations to defer payments or make interest only payments for 90 days in response to challenges for borrowers resulting from COVID-19. The loan accommodations were only made to borrowers that were current and in good standing at the time of the request. "For each relationship, we assign a risk weighting to identify and quantify the risk of loss prior to origination of the loan. As requests for 90 days deferral of payments or modifications for interest only payments are made, we review the credit risk rating and adjust as forward-looking circumstances warrant. We believe this system helps us monitor the risks inherent in our loan portfolio and appropriately track the impact caused by the pandemic and slowing economy. As shown in the table below, our "impaired loans" and "substandard risk" loans did not change materially from the prior quarter. However, we did move approximately $18.1 million of loans to the "watch" list which are largely related to businesses materially affected by the mandatory closing of their operation

by executive order," added Cattanach. Cattanach continued, "PSB was already an approved lender under the Paycheck Protection Program through the Small Business Administration in accordance with the Coronavirus Aid, Relief, and Economic Security (CARES) Act. These PPP loans provide further temporary cash flow to support small business payroll expense."

Commercial, Commercial Real Estate, Construction & Development, Agricultural and Government Loans ($000)

Risk Rating	12/2015	12/2016	12/2017	12/2018	03/2019	06/2019	09/2019	12/2019	03/2020
Rating 1 "High Quality"	$ 79	$ -	$ -	$ -	$ 513	$ 541	$ 529	$ -	$ 71
Rating 2 "Minimal Risk"	59,882	67,468	76,710	85,382	71,479	75,066	65,792	57,904	59,101
Rating 3 "Averge Risk"	227,020	253,673	292,496	323,627	319,289	335,029	347,386	349,002	324,378
Rating 4 "Acceptable Risk"	85,206	91,367	65,024	79,271	96,011	105,187	109,565	128,932	123,296
Rating 5 "Watch Risk"	12,520	10,774	18,049	15,551	13,206	17,481	18,975	15,933	33,999
Rating 6 "Substandard Risk"	621	2,678	500	489	2,674	2,653	290	2,568	2,732
Rating 7 "Impaired Loans"	9,877	7,758	9,952	8,707	11,216	7,704	6,600	5,518	7,811
	$395,205	$ 433,718	$ 462,731	$513,027	$514,388	$543,661	$549,137	$ 559,857	$551,388

Includes undispersed Construction & Development lines of credit

Loan Loss Reserve: Though PSB's asset quality has not changed materially over the quarter as measured by delinquent loan payments, management determined it prudent to increase its loan loss reserves through the addition of $1.8 million in loan loss provisions for the quarter-ended March 31, 2020 compared to $150,000 the previous quarter and $400,000 one year earlier. The increased provision replaced existing specific reserves related to write-offs of approximately $870,000 on two customer relationships and provisions taken in anticipation of changes in risks associated with loan classification assignments and a slowing economy. Loan loss provisions are expected to remain elevated in the second quarter as better clarity on the impact of the economic slowdown from the COVID-19 pandemic materializes. "While there is significant uncertainty regarding the eventual impacts on the national and local economies from the pandemic and Safer-At-Home order, our local markets are expected to perform in line with the national market as a whole. However, to the extent the Wisconsin Safer-At Home order is extended beyond May 26, 2020, customers in our northern Wisconsin market, to whom we have approximately $158.5 million in loans outstanding, could experience outsized impacts due to greater dependency on recreation and tourism activities," said Cattanach.

Liquidity Changes: "In anticipation of market volatility and customer demands related to the COVID-19 pandemic, PSB borrowed $10 million from the Federal Home Loan Bank and increased its liquidity levels during the quarter,"

said Mark C. Oldenberg, Chief Financial Officer. At March 31, 2020, cash and cash equivalents totaled $48.1 million compared to $22.2 million one year earlier. PSB's liquidity levels remain well in excess of regulatory requirements.

Operational Changes and Non-Typical Expenses: To protect the well-being of its staff and customers, PSB allowed personnel to work from home. To facilitate the move, we allocated existing and excess laptop computers to staff and enhanced our ability to network offsite with upgrades of various software licensing, which has resulted in approximately 30% of our team working from home. Use of bank issued laptops and network connection security protocol and tools allows customer and bank information to remain private even as some employees work from home. Except at our new West Allis branch in metro Milwaukee, our branch drive-throughs are currently open to customers on our normal schedule.

Net Interest Margin Impact: PSB's net interest margin declined to 3.45% for the quarter ended March 31, 2020 from 3.53% the prior quarter due to the swift reduction in short term interest rates and the resulting effect on yields in the loan and investment portfolios. "Since the sharp decline in interest rates did not occur until late in the quarter, the full effect of the lower interest rate environment had not yet been realized at quarter end. We expect to see further margin compression during the second quarter," continued Oldenberg.

Growth and Paycheck Protection Program Participation: PSB's total assets decreased $5.0 million during the quarter ended March 31, 2020 due primarily to a reduction in cash and securities and lower deposit balances. During the second quarter of 2020, PSB expects loan balances will sharply increase due to originations for PPP before being paid down in the third quarter through forgiveness grants from the Small Business Administration. Loans pledged to the Federal Reserve Payment Protection Plan Liquidity Fund (PPPLF) will not require the Bank to carry additional equity capital. "Outside of the loan activity related to the PPP, the Bank expects organic loan origination activity to slow due to a weakened economy brought on by the COVID-19 pandemic which may result in a shrinking asset base," added Oldenberg. Through April 20, 2020, PSB processed approximately $96 million of approved PPP loans.

Capital Management: At March 31, 2020, the holding company's tangible equity to asset ratio was 9.59% and the bank's capital was well in excess of all regulatory requirements. With the likelihood of limited near term loan growth, outside of PPP, management expects to maintain capital ratios within regulatory compliance. "At the present time, we have temporarily ceased all stock repurchasing activity and the bank has sufficiently funded the holding company with cash to continue paying debt obligations and dividends for more than a year without the need to pursue additional cash from the bank or external sources," said Oldenberg.

March 2020 Quarterly Financial Highlights (at or for the periods ended March 31, 2020, compared to December 31, 2019 and / or March 31, 2019, as applicable):

- Return on shareholders' equity was 6.84% for the quarter compared to 11.98% one quarter earlier and 13.42% for the first quarter one year earlier. Without provision expense, return on equity would have been 12.48% for the current quarter compared to 12.61% last quarter and 15.39% in the quarter-ended one year earlier. Return on average assets was 0.67% for the first quarter of 2020, compared to 1.17% the previous quarter and 1.23% for the first quarter one year earlier. The decline in returns primarily relate to loan loss provisions taken in the current quarter related to two loans and in anticipation of a slowing economy from COVID-19 impacts.

- Gains on the sale of mortgage loans more than doubled for the quarter ended March 31, 2020 to $987,000 from $452,000 the previous quarter due to a robust refinancing market fueled by lower interest rates. This increase was slightly offset by a decline in net mortgage loan servicing rights to a loss of $23,000 compared to a gain of $57,000 the prior quarter. Through the beginning of the second quarter of fiscal 2020, mortgage banking activity remains robust.

- The net unrealized loss on securities available for sale declined $342,000 during the March 2020 quarter compared to an increase of $179,000 one quarter earlier due primarily to a decline in market value of four collateralized loan obligations with a book value of approximately $20 million. These obligations have been impacted by unusual volatility in the bond market and temporary illiquidity.

- Tangible net book value was $20.89 per share at March 31, 2020, compared to $20.72 per share as of December 31, 2019 and $18.89 per share at March 31, 2019. Over the past year, tangible book value per share has grown 10.59%.

Balance Sheet and Asset Quality Review

Total assets were $969.9 million as of March 31, 2020, compared to $974.9 million as of December 31, 2019, a decrease of $5.0 million, or 0.5%. Total loans receivable decreased slightly by $1.1 million, or 0.2%. The commercial/agricultural real estate loan portfolio decreased to $399.4 million at March 31, 2020 from $401.4 million three months earlier. Non-owner occupied commercial real estate loans represented the largest component of the loan portfolio at 30.8% of gross loans at March 31, 2020, followed by owner occupied commercial real estate loans at 25.4%, residential real estate at 23.8%, commercial/agricultural non-real estate loans at 19.5% and consumer loans at 0.5%. Total agricultural related loans represent 1.0% of the total loan portfolio. The non-owner occupied commercial real estate portfolio represents the largest portion of loan growth over the past year as the balance grew 10.3% from $199.2 million at March 31, 2019 to $219.7 million at March 31, 2020.

The allowance for loan losses increased to 1.10% of gross loans at March 31, 2020. The annualized net charge-offs

to average loans was 0.49% for the quarter ended March 31, 2020, compared to the previous quarter 0.01% and 0.08% one year earlier. The charge-offs in the most recent quarter relate to the previously disclosed bankruptcy of the retailer Shopko where approximately $600,000 was charged-off and a $255,000 charge-off related to a non-profit. Both charge-offs were supported by specific reserves in place at December 31, 2019. Non-performing assets decreased to 0.54% of total assets at March 31, 2020, compared to 0.55% at December 31, 2019, and 0.84% at March 31, 2019. At March 31, 2020, non-performing assets consisted of $3.9 million in non-accrual loans, $232,000 in non-accrual restructured loans, $672,000 in restructured loans not on non-accrual, and $425,000 in other real estate owned.

At March 31, 2020, cash and cash equivalents totaled $48.1 million compared to $49.0 million at December 31, 2019 and $22.3 million one year earlier. As previously mentioned, current cash levels are elevated to accommodate cash needs related to the pandemic. Investment securities totaled $171.1 million at March 31, 2020 compared to $174.4 million at December 31, 2019 and $170.4 million one year earlier. All investment securities during the prior two quarters were considered available for sale and carried at market value.

Total deposits decreased 2.1% to $765.3 million at March 31, 2020 compared to $781.8 million at December 31, 2019, led by an $18.5 million decline in non-interest demand deposits. At March 31, 2020, interest-bearing demand and savings deposits accounted for 33.3% of total deposits, followed by money market deposits at 25.2%, noninterest-bearing demand deposits at 20.7% and retail and local time deposits at 16.9%. Broker and national time deposits accounted for 4.6% of total deposits at March 31, 2020 versus 4.3% the prior quarter and 6.8% one year earlier.

FHLB advances increased to $88.7 million at March 31, 2020 compared to $73.5 million at December 31, 2019 and other borrowings decreased to $3.5 million from $6.1 million over the same time period. The increase in FHLB advances was to fund anticipated pandemic related liquidity needs.

For the quarter ended March 31, 2020, stockholders' equity increased $460,000 to $93.2 million, compared to $92.7 million at December 31, 2019. Stockholders' equity was impacted by earnings, stock repurchases and other comprehensive income adjustments, including the change in unrealized gains and losses on securities available for sale. Tangible net book value per share increased to $20.89 per share, at March 31, 2020, compared to $20.72 per share at December 31, 2019. PSB's tangible equity to total assets was 9.59% at March 31, 2020, compared to 9.50% at December 31, 2019.

To support stock liquidity for shareholders as needed, PSB regularly repurchases its shares directly from shareholders holding shares in certificate form and on the open market at prevailing prices as opportunities arise. During the quarter ended March 31, 2020, PSB repurchased 18,434 shares of its common stock at an average cost of $25.95 per share.

Operations Review

Net interest income totaled $7.8 million (on a net margin of 3.45%) for the first quarter of 2020, compared to $8.0 million (on net margin of 3.53%) for the fourth quarter of 2019 and $7.6 million (on a net margin of 3.63%) for the first quarter of 2019. Compared to the preceding quarter, loans and investment yields decreased 11 basis points to 4.30% during the first quarter of 2020 from 4.41% one quarter earlier while deposit and borrowing costs declined 7 basis points to 1.10% from 1.17% over the same time period. The decline in loan and investment yields were partially due to a larger average balance of cash and cash equivalents held during the quarter and a decrease in the prime lending rate due to actions by the Federal Reserve. Loan yields decreased to 4.78% from 4.88% during the first quarter of 2020, as many floating rate loans repriced lower as the prime rate declined.

The cost of interest-bearing liabilities decreased during the quarter, reflecting lower rates associated with money market accounts and time deposits. Deposit costs decreased to $1.48 million for the first quarter of 2020 from $1.54 million the previous quarter. Interest costs on borrowings declined $22,000 for the first quarter of 2020 to $453,000 from $475,000 the previous quarter.

The provision for loan losses totaled $1.8 million during the first quarter of 2020 compared to $150,000 for the prior linked quarter. The larger provision primarily relates to our March 31, 2020 increased need for reserves related to an anticipated deteriorating economic climate.

Total noninterest income for the first quarter of 2020 increased to $2.4 million from $1.8 million for the fourth quarter of 2019. Service fees in the first quarter were $391,000 compared to $411,000 during the fourth quarter of 2019. Gains on sale of mortgage loans increased to $987,000 for the first quarter from $452,000 in the fourth quarter of 2019 and remained strong as falling long-term U.S.Treasury rates have spurred mortgage refinance activity. We expect continued elevated gains on sale of mortgage loans in the second quarter. Commissions on investment and insurance sales increased to $349,000 from $301,000 the prior quarter. At March 31, 2020, PSB had wealth assets under management totaling $217.5 million compared to $248.5 million at December 31, 2019 and $229.8 million at March 31, 2019. The year over year reduction in assets under management was 5.35% and primarily related to stock market value declines. Net gains on sale of securities was $123,000 for the first quarter of 2020 compared to $71,000 for the fourth quarter of 2019.

Noninterest expense was $6.3 million for the first quarter of 2020, compared to $5.9 million for the fourth quarter. For the first quarter of 2020, noninterest expense increased due to an increase in salaries and employee benefits costs that totaled $296,000, donations to non-profits of $115,000 and prepayment penalties associated with FHLB advances of $25,000. Additionally, the Bank opened a new branch office in Milwaukee during the quarter which added new operational expenses of approximately $68,000. Similar to the prior quarter, the first quarter 2020

results reflect the elimination of FDIC insurance premiums as the FDIC insurance fund reached its targeted level. However, in the current deteriorating economic climate, it is expected future FDIC insurance premiums will be incurred.

“In the first quarter of 2020, we experienced higher personnel expenses, office expenses, depreciation and advertising costs associated with the opening of our new branch in Milwaukee,” said Oldenberg.

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, Vilas and Milwaukee 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

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. Risk and uncertainties also include the effect of the COVID-19 pandemic, including the bank’s credit quality and business operations, as well as its impact on general economic and financial market conditions. PSB Holdings, Inc. assumes no obligation to update or supplement forward-looking statements that become untrue because of events subsequent to this press release.

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

	Quarter ended				
Earnings and dividends:	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019
Interest income	$ 9,726	$ 9,988	$ 10,098	$ 9,839	$ 9,604
Interest expense	$ 1,935	$ 2,019	$ 2,154	$ 2,041	$ 2,032

Net interest income	$ 7,791	$ 7,969	$ 7,944	$ 7,798	$ 7,572
Provision for loan losses	$ 1,800	$ 150	$ 150	$ 150	$ 400
Other noninterest income	$ 2,355	$ 1,839	$ 1,802	$ 1,903	$ 2,117
Other noninterest expense	$ 6,330	$ 5,947	$ 5,437	$ 6,167	$ 5,745
Net income	$ 1,610	$ 2,813	$ 3,131	$ 2,572	$ 2,731
Basic earnings per share (3)	$ 0.36	$ 0.63	$ 0.70	$ 0.57	$ 0.61
Diluted earnings per share (3)	$ 0.36	$ 0.63	$ 0.70	$ 0.57	$ 0.61
Dividends declared per share (3)	$ -	$ 0.20	$ -	$ 0.20	$ -
Tangible net book value per share (4)	$ 20.89	$ 20.72	$ 20.24	$ 19.41	$ 18.89
Semi-annual dividend payout ratio	n/a	15.04 %	n/a	16.95 %	n/a
Average common shares outstanding	4,464,956	4,471,173	4,473,583	4,486,022	4,494,568

Balance sheet - average balances:

Loans receivable, net of allowances for loss	$ 705,333	$ 700,469	$ 689,057	$ 666,008	$ 658,586
Assets	$ 963,191	$ 951,409	$ 928,282	$ 893,998	$ 899,263
Deposits	$ 761,268	$ 745,455	$ 721,788	$ 713,910	$ 713,257
Stockholders' equity	$ 94,735	$ 93,189	$ 89,139	$ 86,656	$ 82,516

Performance ratios:

Return on average assets (1)	0.67 %	1.17 %	1.34 %	1.15 %	1.23 %
Return on average stockholders' equity (1)	6.84 %	11.98 %	13.94 %	11.90 %	13.42 %
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets	9.75 %	9.68 %	9.52 %	9.68 %	9.27 %
Net loan charge-offs to average loans (1)	0.49 %	0.01 %	0.01 %	0.00 %	0.08 %
Nonperforming loans to gross loans	0.67 %	0.68 %	0.70 %	0.53 %	1.11 %
Nonperforming assets to total assets	0.54 %	0.55 %	0.57 %	0.42 %	0.84 %
Allowance for loan losses to gross loans	1.10 %	0.97 %	0.97 %	0.97 %	0.98 %
Nonperforming assets to tangible equity plus the allowance for loan losses (4)	5.24 %	5.45 %	5.69 %	4.13 %	8.40 %
Net interest rate margin (1)(2)	3.45 %	3.53 %	3.60 %	3.72 %	3.63 %
Net interest rate spread (1)(2)	3.20 %	3.24 %	3.31 %	3.42 %	3.36 %
Service fee revenue as a percent of average demand deposits (1)	1.04 %	1.00 %	0.90 %	1.14 %	1.12 %
Noninterest income as a percent of gross revenue	19.49 %	15.55 %	15.14 %	16.21 %	18.06 %
Efficiency ratio (2)	61.59 %	59.90 %	55.14 %	62.83 %	58.59 %
Noninterest expenses to average assets (1)	2.64 %	2.48 %	2.32 %	2.77 %	2.59 %
Tangible equity to actual assets	9.59 %	9.50 %	9.53 %	9.65 %	9.50 %

Stock price information:

High	$ 28.25	$ 28.25	$ 27.50	$ 24.75	$ 23.45
Low	$ 19.50	$ 26.00	$ 23.55	$ 22.00	$ 21.25
Last trade value at quarter-end	$ 24.75	$ 27.50	$ 26.49	$ 24.00	$ 22.75

(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 Income

(dollars in thousands, except per share data - unaudited)	Quarter Ended Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019
Interest and dividend income:					
Loans, including fees	$ 8,445	$ 8,691	$ 8,823	$ 8,629	$ 8,334
Securities:					
Taxable	733	768	769	730	713
Tax-exempt	431	387	378	389	396
Other interest and dividends	117	142	128	91	161

Total interest and dividend income	9,726	9,988	10,098	9,839	9,604
Interest expense:					
Deposits	1,482	1,544	1,654	1,634	1,553
FHLB advances	320	328	323	230	309
Other borrowings	14	26	58	57	51
Senior subordinated notes	28	29	28	28	28
Junior subordinated debentures	91	92	91	92	91
Total interest expense	1,935	2,019	2,154	2,041	2,032
Net interest income	7,791	7,969	7,944	7,798	7,572
Provision for loan losses	1,800	150	150	150	400
Net interest income after provision for loan losses	5,991	7,819	7,794	7,648	7,172
Noninterest income:					
Service fees	391	411	348	403	381
Gain on sale of mortgage loans	987	452	463	432	175
Mortgage loan servicing, net	(23)	57	89	84	125
Investment and insurance sales commissions	349	301	276	310	333
Net gain on sale of securities	123	71	-	121	18
Increase in cash surrender value of life insurance	104	104	105	101	98
Other noninterest income	424	443	521	452	987
Total noninterest income	2,355	1,839	1,802	1,903	2,117
Noninterest expense:					
Salaries and employee benefits	3,819	3,523	3,372	3,322	3,428
Occupancy and facilities	544	506	510	591	601
Loss on foreclosed assets	71	69	4	3	4
Data processing and other office operations	644	739	654	646	577
Advertising and promotion	141	182	107	120	100
FDIC insurance premiums	-	-	-	63	59
Other noninterest expenses	1,111	928	790	1,422	976
Total noninterest expense	6,330	5,947	5,437	6,167	5,745
Income before provision for income taxes	2,016	3,711	4,159	3,384	3,544
Provision for income taxes	406	898	1,028	812	813
Net income	$ 1,610	$ 2,813	$ 3,131	$ 2,572	$ 2,731
Basic earnings per share	$ 0.36	$ 0.63	$ 0.70	$ 0.57	$ 0.61
Diluted earnings per share	$ 0.36	$ 0.63	$ 0.70	$ 0.57	$ 0.61

PSB Holdings, Inc.
Consolidated Statements of Comprehensive Income

(dollars in thousands - unaudited)	Three Months Ended March 31, 2020	December 31, 2019	March 31, 2019
Net income	$ 1,610	$ 2,813	$ 2,731
Other comprehensive income, net of tax:			
Unrealized gain (loss) on securities available for sale	(342)	179	1,515
Reclassification adjustment for security gain included in net income	(89)	(51)	(13)
Amortization of unrealized loss (gain) included in net income on securities available for sale transferred to securities held to maturity	-	3	(4)
Unrealized gain (loss) on interest rate swap	(339)	55	(77)
Reclassification adjustment of interest rate			

swap settlements included in earnings	18	13	3
Other comprehensive income (loss)	(752)	199	1,424
Comprehensive income	$ 858	$ 3,012	$ 4,155

PSB Holdings, Inc.
Consolidated Balance Sheets
March 31, 2020, September 30, June 30, and March 31, 2019, unaudited, December 31, 2019 derived from audited financial statements

(dollars in thousands, except per share data)	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019
Assets					
Cash and due from banks	$ 9,665	$ 23,005	$ 17,954	$ 11,825	$ 8,917
Interest-bearing deposits	1,349	839	1,059	2,306	349
Federal funds sold	37,071	25,184	30,415	4,552	12,989
Cash and cash equivalents	48,085	49,028	49,428	18,683	22,255
Securities available for sale (at fair value)	171,054	174,448	127,587	123,586	127,368
Securities held to maturity (fair values of $0, $0, $41,311, $42,511 and $43,338 respectively	-	-	40,791	42,074	43,061
Bank certificates of deposit (at cost)	3,234	4,983	1,984	1,984	2,976
Loans held for sale	1,394	545	335	50	245
Loans receivable, net	706,584	707,651	691,289	678,247	660,756
Accrued interest receivable	2,847	2,776	2,803	2,844	2,826
Foreclosed assets	425	460	572	172	113
Premises and equipment, net	11,098	10,457	10,212	9,749	10,426
Mortgage servicing rights, net	1,668	1,747	1,720	1,738	1,781
Federal Home Loan Bank stock (at cost)	2,283	2,073	2,173	1,662	1,657
Cash surrender value of bank-owned life insurance	16,877	16,773	16,668	16,564	16,463
Other assets	4,330	3,952	4,101	3,961	3,836
TOTAL ASSETS	$ 969,879	$ 974,893	$ 949,663	$ 901,314	$ 893,763
Liabilities					
Non-interest-bearing deposits	$ 158,505	$ 177,002	$ 159,897	$ 143,423	$ 138,124
Interest-bearing deposits	606,781	604,788	576,288	571,794	577,263
Total deposits	765,286	781,790	736,185	715,217	715,387
Federal Home Loan Bank advances	88,682	73,496	85,496	59,915	51,165
Other borrowings	3,504	6,131	17,411	19,179	22,870
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	9,024	10,553	9,715	9,668	9,047
Total liabilities	876,728	882,202	859,039	814,211	808,701
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 - 18,000,000 shares; Issued - 5,490,798 shares Outstanding - 4,453,472, 4,467,217, 4,471,216, 4,480,585 and 4,495,110 shares, respectively	1,830	1,830	1,830	1,830	1,830
Additional paid-in capital	7,632	7,597	7,543	7,490	7,497
Retained earnings	96,646	95,037	93,117	89,986	88,314
Accumulated other comprehensive income (loss), net of tax	550	1,302	1,103	543	(227)

Treasury stock, at cost - 1,037,326, 1,023,581, 1,019,582, 1,010,213 and 995,688 shares, respectively	(13,507)	(13,075)	(12,969)	(12,746)	(12,352)
Total stockholders' equity	93,151	92,691	90,624	87,103	85,062
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 969,879	$ 974,893	$ 949,663	$ 901,314	$ 893,763

PSB Holding, Inc.
Loan Composition by Purpose

Quarter-ended (dollars in thousands)	Mar. 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Total Loans					
Residential real estate					
One to four family	$ 122,276	$ 121,548	$ 119,620	$ 117,093	$ 116,393
HELOC loans	20,795	21,668	22,855	22,158	23,631
Residential construction & development	22,963	23,633	21,273	20,937	18,893
Residential vacant land	3,745	3,908	4,299	4,680	5,052
Total Residential real estate	169,779	170,757	168,047	164,868	163,969
Commercial/Agricultural real estate					
Owner occupied					
Commercial real estate	164,851	156,275	158,423	149,507	147,435
SBA commercial real estate	1,571	1,647	1,367	1,386	1,741
Agriculture real estate	5,041	5,901	5,139	5,764	5,078
Construction and land development	8,297	13,228	12,742	7,832	6,523
Commercial vacant land	1,560	929	-	-	-
Total Owner occupied	181,320	177,980	177,671	164,489	160,777
Non-owner occupied					
Commercial real estate	188,525	192,160	179,136	168,809	161,647
SBA commercial real estate	824	844	863	141	146
Agricultural real estate	-	-	-	-	-
Construction and land development	16,406	17,061	13,301	22,159	22,014
Commercial vacant land	13,965	14,280	14,532	14,702	15,404
Total Non-owner occupied	219,720	224,345	207,832	205,811	199,211
Commercial/Agricultural non-real estate					
Municipal non-real estate	5,933	11,601	6,384	9,017	6,353
Commercial line	59,266	54,538	62,991	65,252	58,117
Other commercial non-real estate	70,467	65,690	64,418	65,500	69,073
SBA commercial non-real estate	1,453	1,733	1,819	2,252	2,169
Agricultural non-real estate	2,075	2,402	3,606	3,491	3,699
Total Commercial/Agricultural non-real estate	139,194	135,964	139,218	145,512	139,411
Consumer non-real estate					
Consumer installment	3,344	3,454	3,319	3,093	2,793
Consumer line	328	1,354	1,343	304	344
Other consumer	183	189	197	195	190
Total Consumer non-real estate	3,855	4,997	4,859	3,592	3,327
Gross loans	713,868	714,043	697,627	684,272	666,695
Net deferred loan costs	388,049	326	295	300	272
Overdrafts	197,434	220,369	168	339	296
Allowance for loan losses	(7,870,675)	(6,939)	(6,801)	(6,664)	(6,507)
Total loans receivable	$ (6,571,324)	$ 927,799	$ 691,289	$ 678,247	$ 660,756

Nonperforming Assets as of:

(dollars in thousands)	March 31, 2020	2019	December 31, 2019
Nonaccrual loans (excluding restructured loans)	$ 3,868	$ 4,827	$ 3,697
Nonaccrual restructured loans	232	283	499
Restructured loans not on nonaccrual	672	2,305	676
Accruing loans past due 90 days or more	-	-	-
Total nonperforming loans	4,772	7,415	4,872
Other real estate owned	425	113	460
Total nonperforming assets	$ 5,197	$ 7,528	$ 5,332
Nonperforming loans as a % of gross loans receivable	0.67 %	1.11 %	0.68 %
Total nonperforming assets as a % of total assets	0.54 %	0.84 %	0.55 %
Allowance for loan losses as a % of nonperforming loans	164.94 %	87.75 %	142.43 %

PSB Holdings, Inc.
Deposit Composition

(dollars in thousands)	March 31, 2020 $	%	2019 $	%	December 31, 2019 $	%
Non-interest bearing demand	$ 158,505	20.70%	$ 138,124	19.30%	$ 177,002	22.60%
Interest-bearing demand and savings	254,762	33.30%	243,463	34.00%	257,486	32.90%
Money market deposits	192,933	25.20%	160,927	22.50%	183,370	23.50%
Retail and local time deposits <= $250	104,930	13.70%	99,679	13.90%	104,455	13.40%
Total core deposits	711,130	92.90%	642,193	89.70%	722,313	92.40%
Wholesale interest-bearing demand	-	0.0%	-	0.0%	-	0.0%
Retail and local time deposits > $250	24,423	3.20%	24,990	3.50%	25,431	3.30%
Broker & national time deposits <= $250	7,682	1.00%	2,732	0.40%	5,457	0.70%
Broker & national time deposits > $250	22,051	2.90%	45,472	6.40%	28,589	3.60%
Totals	$ 765,286	100.00%	$ 715,387	100.0%	$ 781,790	100.0%

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

	Quarter ended March 31, 2020 Average	Yield /	Quarter ended December 31, 2019 Average	Yield /	Quarter ended March 31, 2019 Average	Yield /

	Balance	Interest	Rate	Balance	Interest	Rate	Balance	Interest	Rate
Assets									
Interest-earning assets:									
Loans (1)(2)	$ 712,402	$ 8,461	4.78 %	$ 707,336	$ 8,709	4.88 %	$ 664,845	$ 8,346	5.09 %
Taxable securities	110,980	733	2.66 %	111,697	768	2.73 %	105,120	713	2.75 %
Tax-exempt securities (2)	66,958	546	3.28 %	59,511	490	3.27	65,111	501	3.12 %
FHLB stock	2,121	26	4.93 %	2,091	25	4.74	2,015	35	7.04 %
Other	30,253	91	1.21 %	29,443	117	1.58	21,342	126	2.39 %
Total (2)	922,714	9,857	4.30 %	910,078	10,109	4.41	858,433	9,721	4.59 %
Non-interest-earning assets:									
Cash and due from banks	11,621			12,284			11,325		
Premises and equipment, net	10,779			10,333			10,382		
Cash surrender value ins	16,811			16,713			16,405		
Other assets	8,335			8,868			8,977		
Allowance for loan losses	(7,069)			(6,867)			(6,259)		
Total	$ 963,191			$ 951,409			$ 899,263		
Liabilities & stockholders' equity									
Interest-bearing liabilities:									
Savings and demand deposits	$ 261,704	$ 330	0.51 %	$ 239,613	$ 307	0.51 %	$ 253,299	$ 472	0.76 %
Money market deposits	188,507	373	0.80 %	180,262	418	0.92 %	146,625	299	0.83 %
Time deposits	159,294	779	1.97 %	162,726	819	2.00 %	175,550	782	1.81 %
FHLB borrowings	80,486	320	1.60 %	77,920	328	1.67 %	64,330	309	1.95 %
Other borrowings	6,394	14	0.88 %	14,374	26	0.72 %	19,788	51	1.05 %
Senior sub. notes	2,500	28	4.50 %	2,500	29	4.60 %	2,500	28	4.54 %
Junior sub. debentures	7,732	91	4.73 %	7,732	92	4.72 %	7,732	91	4.77 %
Total	706,617	1,935	1.10 %	685,127	2,019	1.17 %	669,824	2,032	1.23 %
Non-interest-bearing liabilities:									
Demand deposits	151,763			162,854			137,783		
Other liabilities	10,076			10,239			9,140		
Stockholders' equity	94,735			93,189			82,516		
Total	$ 963,191			$ 951,409			$ 899,263		
Net interest income		$ 7,922			$ 8,090			$ 7,689	
Rate spread			3.20 %			3.24 %			3.36 %
Net yield on interest-earning assets			3.45 %			3.53 %			3.63 %

(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%.

Source: PSB Holdings, Inc.