NEWS RELEASE

PSB Reports Record 1st Quarter Earnings of $3.9 Million, or $0.87 Per Share; Income Supported by PPP Fee Recognition and Continued Mortgage Gains

2021-04-26

WAUSAU, Wis., April 26, 2021 (GLOBE NEWSWIRE) -- PSB Holdings, Inc. (“PSB”) (OTCQX: PSBQ), the holding company for Peoples State Bank serving Northcentral and Southeastern Wisconsin, reported first quarter earnings ending March 31, 2021 of $0.87 per share on net income of $3.9 million, compared to earnings of $0.73 per share on net income of $3.3 million, during the December 31, 2020 quarter, and $0.36 per share on net income of $1.6 million, during the first quarter a year ago. Relative to the prior quarter, first quarter earnings benefitted from stronger net interest income supported by first round SBA Paycheck Protection Program (“PPP”) fee accretion, continued elevated mortgage banking fee income, and lower noninterest expense due to deferred loan origination costs on second round SBA PPP loan originations.

“Our southeastern Wisconsin growth continued with the closing of our acquisition of Waukesha Bankshares, Inc. on April 16, 2021. The improved economic clarity, vaccine rollout and our further expansion in the Milwaukee market should serve to continue to enhance shareholder value in 2021. To support our expanded presence in Milwaukee, we recently secured a local 20-year commercial banking veteran with deep ties to the business community to lead our Waukesha location,” stated Scott Cattanach, President and CEO. “Before considering loan repayments from ongoing PPP loan forgiveness, we are optimistic annualized loan growth will normalize in the four to five percent range as we leverage our operations in and around Milwaukee and businesses activity returns to pre-pandemic levels.”

Net Interest Margin Impact: PSB’s net interest margin increased to 3.62% for the quarter ended March 31, 2021 from 3.22% the prior quarter due to the accretion of net PPP origination fees of $1.3 million as $45.1 million PPP loans were repaid by the SBA during the quarter. In addition, the cost of time deposits declined 22 basis points, to 1.06% in the March 31, 2021 quarter lowering our cost of interest-bearing funds by 7 bps. Loan yield and net interest margin excluding the PPP loans would have been 4.17% and 3.24%, respectively during the March 2021

quarter compared to 4.26% and 3.26% in the December 2020 quarter. Loan originations in the most recent quarter were below our current loan yield and are expected to trend similarly during the June 2021 quarter.

Capital Management: At March 31, 2021, PSB's tangible equity to tangible asset ratio was 9.32% and the bank's capital was well in-excess of all regulatory requirements. Management expects capital ratios to decline slightly with the closing of the Waukesha Bancshares, Inc. acquisition. PSB did not repurchase any shares during the quarter ending March 31, 2021, although the company announced resumption of its repurchase plan beginning January 2021.

Loan Loss Reserves: For the quarter ended March 31, 2021, the bank added provisions for loan losses totaling $1.0 million, an increase from $675,000 in the previous quarter and down from $1.8 million in the first quarter of 2020. Allowance for loan losses were $11.8 million at March 31, 2021 which includes $4.9 million of allowances for loans with risk weightings at 5 to 7 ("Watch, Substandard, and Impaired") and $6.9 million for loans with risk weightings at 1 to 4 ("Acceptable and Average"). At March 31, 2021, allowance for loan losses totaled 1.40% of gross loans, and was 1.59% of proforma gross loans net of PPP loans totaling $87.4 million and purchased USDA guaranteed loans totaling $10.5 million.

Loan Accommodations: Loan modifications decreased from 48 loan accommodations with a balance of $22.3 million at December 31, 2020 to 27 loans with a balance of $21.9 million, or 2.6% of gross loans, at March 31, 2021. In the first quarter, the bank added a grocery store loan with a balance of $2.0 million to modified accommodation loans.

As shown in the table below during the March 2021 quarter, "impaired loans" increased $3.0 million and the "substandard risk" loans increased $10.5 million while "watch risk" loans decreased $5.5 million. The increase in impaired loans consists of a commercial real estate loan for $3.4 million leased to an operator of a national restaurant chain that has remained closed throughout the pandemic. This loan was moved from watch risk to the impaired loan category during the March 2021 quarter. The increase in substandard risk loans was associated with two borrowers. The first is a group of collateral dependent commercial real estate loans totaling $2.4 million to one borrower that was moved from the watch list to the substandard risk category. These properties are in the process of being sold and are scheduled to close in the second quarter of 2021 with proceeds adequate to repay the debts. The second is a $8.4 million hotel construction loan moved from "acceptable risk" to "substandard risk" during the quarter. A junior lien loan under the SBA 504 program for this project has been approved by the SBA and $3.4 million will be sold to the SBA in the June 2021 quarter.

Commercial, Commercial Real Estate, Construction & Development, Agricultural and Government Loans

($ 000)

Risk Rating		12/2017	12/2018	12/2019	03/2020	06/2020	09/2020	12/2020	03/2021
Rating 1	"High Quality"	$ -	$ -	$ -	$ 71	$ 55	$ -	$ -	$ -
Rating 2	"Minimal Risk"	76,710	85,382	57,904	59,101	72,601	56,337	61,223	62,626
Rating 3	"Average Risk"	292,496	323,627	349,002	324,378	374,709	391,195	390,191	348,102
Rating 4	"Acceptable Risk"	65,024	79,271	128,932	123,296	154,302	155,738	175,400	209,407
Rating 5	"Watch Risk"	18,049	15,551	15,933	33,999	54,522	46,603	36,379	30,891
Rating 6	"Substandard Risk"	500	489	2,568	2,732	4,545	2,162	7,617	18,134
Rating 7	"Impaired Loans"	9,952	8,707	5,518	7,811	6,130	10,164	13,153	16,162
		$ 462,731	$ 513,027	$ 559,857	$ 551,388	$ 666,864	$ 662,199	$ 683,963	$ 685,322

Includes undisbursed Construction & Development lines of credit. PPP loan balances are assigned a risk-weighting of "3".

March 31, 2021 Quarterly Financial Highlights (at or for the periods ended March 31, 2021, compared to December 31, 2020 and / or March 31, 2020, as applicable):

- Record earnings of $3.9 million for the quarter ended March 31, 2021 resulted in strong annualized return on average assets of 1.39% and return on average shareholders' equity of 14.92%. The record earnings for the quarter were despite continued elevated provision for loan losses related to one impaired loan.

- Tangible net book value increased to $23.69 per share, a 13.4% over the most recent twelve-month period. Dividends of $0.42 per share were paid to shareholders during 2020, continuing a 5-year, 8.0% cumulative annual growth rate.

- Total net loans increased $23.6 million, excluding PPP paydowns and originations, during a typically seasonally slow winter period, up 3.2% during the quarter. SBA PPP loans declined $14.6 million to $87.4 million, from $45.1 million in first round forgiveness paydowns but increased $30.5 million from PPP second round new originations.

Balance Sheet and Asset Quality Review

Total assets remained mostly unchanged at March 31, 2021 relative to the prior quarter ended December 31, 2020, though there were some minor changes in the composition of assets. At March 31, 2021, and the prior quarter ended December 31, 2020, total assets were $1.13 billion. Total loans receivable increased by $9.0 million, or 1.1%, to $830.0 million at March 31, 2021 from $821.0 million one quarter earlier. Offsetting this growth, net SBA PPP loans decreased $14.6 million to $87.4 million at March 31, 2021, as $45.1 million of borrower loans were forgiven and repaid by the SBA PPP guarantee program and $30.5 million of new second round PPP loans were originated. At March 31, 2021, the bank had net unrealized PPP origination fees totaling $2.1 million of which $1.1 million are related to first round PPP loans and $1.0 million are related to second round PPP loans. The first round deferred origination fees are expected to be recognized as income during the remainder of 2021 when these loans are forgiven or paid off. Excluding the impact of PPP loan activity, loans grew $24.3 million, or 3.3%, and were driven by residential first mortgages, owner occupied commercial real estate, and non-owner occupied commercial real

estate.

The allowance for loan losses increased to 1.40% of gross loans at March 31, 2021 (1.59% of gross loans net of PPP guaranteed loans and USDA guaranteed loans) compared to 1.30% of gross loans (1.50% of gross loans net of PPP loans and USDA guaranteed loans) one quarter earlier. Annualized net charge-offs to average loans were 0.01% for the quarter ended March 31, 2021. Non-performing assets increased to 1.13% of total assets at March 31, 2021, compared to 0.90% at December 31, 2020, and 0.54% at March 31, 2020. The increase in non-performing assets at March 31, 2021, primarily relates to the addition of a $3.4 million loan on real estate leased to a restaurant that has been closed throughout the pandemic. Though the borrower continues to make regularly scheduled payments, the loan was put on non-accrual status until such time clarity is provided to the operations of the restaurant chain or other building use. At March 31, 2021, non-performing assets consisted of $5.4 million in non-accrual loans, $1.1 million in non-accrual restructured loans, $5.2 million in restructured loans not on non-accrual and $1.1 million in other real estate owned.

At March 31, 2021, cash and cash equivalents totaled $29.9 million compared to $38.5 million at December 31, 2020, and $48.1 million one year earlier. Cash levels were reduced in the current quarter with the funds reinvested into lending products. Investment securities totaled $227.8 million at March 31, 2021, compared to $228.3 million at December 31, 2020, and $171.1 million one year earlier. All investment securities are considered available for sale and carried at market value.

Foreclosed assets decreased to $1.1 million at March 31, 2021, from $1.6 million at December 31, 2020, due to the sale of a former bank branch office in Rhinelander, WI, made vacant following consolidation into a nearby Peoples State Bank branch. Foreclosed assets were $425,000 one year earlier.

Total deposits decreased slightly to $925.9 million at March 31, 2021, compared to $932.1 million at December 31, 2020. At March 31, 2021, interest-bearing demand and savings deposits accounted for 35.6% of total deposits, followed by noninterest-bearing demand deposits at 26.2%, money market deposits at 23.3%, and retail and local time deposits at 13.6%. Broker and national time deposits accounted for 1.3% of total deposits at March 31, 2021, versus 1.5% the prior quarter. As a result of the ongoing pandemic, the bank has experienced larger average deposits per account and increased mobile banking enrollment and active mobile deposit product usage.

FHLB advances remained at $62.0 million at March 31, 2021, and other borrowings increased to $18.6 million, from $12.2 million the prior period.

For the quarter ended March 31, 2021, stockholders' equity increased $1.2 million to $105.6 million, compared to $104.4 million at December 31, 2020. Stockholders' equity was impacted by earnings, and other comprehensive income adjustments, including a decrease in unrealized gains on securities available for sale of $2.8 million during

the current quarter as market interest rates increased. Tangible net book value per share increased to $23.69 per share, at March 31, 2021, compared to $23.43 per share at December 31, 2020. The bank's tangible equity to total tangible assets was 9.32% at March 31, 2021 compared to 9.22% at December 31, 2020.

Operations Review

Net interest income totaled $9.6 million (on a net margin of 3.62%) for the first quarter of 2021, compared to $8.4 million (on net margin of 3.22%) for the fourth quarter of 2020 and $7.8 million (on a net margin of 3.45%) for the first quarter of 2020. Compared to the preceding quarter, loans and investment yields increased 35 basis points from 3.60% to 3.95% during the first quarter of 2021, while deposit and borrowing costs declined 7 basis points to 0.46% from 0.53% over the same period.

The increase in loan and investment yields was largely due to net accretion of loan fees of $1.6 million related to PPP loans that have been repaid compared to net accretion of $492,000 during the December 2020 quarter. Loan yields increased to 4.57% during the quarter from 4.08% during the fourth quarter of 2020. Loan yields excluding the impacts of PPP loans, were 4.17 % and 4.26% during the March 2021 and December 2020 quarters respectively. Net interest margin excluding the impacts of PPP loans, was 3.24% and 3.26% in the March 2021and December 2020 quarters, respectively. Continued recognition of PPP loan fee income is expected to elevate reported net interest margin for the remainder of 2021 as the first round PPP program fees are recognized throughout 2021 and second round PPP program fees begin to be recognized later in 2021.

The cost of interest-bearing liabilities decreased during the quarter, largely reflecting lower rates associated with time deposits. Deposit costs decreased to $547,000 for the first quarter of 2021, from $657,000 the previous quarter. Interest costs on borrowings declined $15,000 to $339,000 for the first quarter of 2021, from $354,000 the previous quarter. The prepayment of some FHLB advances, during the fourth quarter of 2020, contributed to lower borrowing cost in the March 2021 quarter. "By successfully lowering our cost of funds during the past year, we have been able to limit the negative impact of lower asset yields on our net interest margin," said Mark Oldenberg, Chief Financial Officer.

The provision for loan losses totaled $1.0 million during the first quarter of 2021 compared to $675,000 for the prior linked quarter. The provision relates to reserves taken against the previously discussed real estate loan leased to a national chain restaurant loan. Currently, it is uncertain whether the borrower will continue making loan payments and whether an alternative restaurant tenant can be found to operate the building. Loan loss provisions in 2021 are expected to be lower than provisions recorded during 2020 due to an improved economic outlook and expected favorable resolution to several large problem loans.

Total noninterest income for the first quarter of 2021 decreased to $2.7 million from $3.0 million for the fourth

quarter of 2020, due in part to lower gains on the sale of mortgage loans and lower security gains. Gains on sale of mortgage loans decreased to $1.2 million for the first quarter from $1.4 million in the fourth quarter of 2020, due in part to management actions to invest significant on balance sheet liquidity into first lien residential mortgage loans rather than purchasing lower yielding investment securities. Adding these mortgages to the balance sheet rather than selling them for a gain into the secondary market reduced March 2021 noninterest income. In addition, slightly higher long-term U.S. Treasury rates slowed mortgage refinance activity by borrowers. However, mortgage origination activity remains high relative to historical levels. Mortgage originations are anticipated to remain at elevated levels in the second quarter of 2021 as the 10-year Treasury Notes remain low and housing demand remains strong. Mortgage loan servicing income was $79,000 for the first quarter compared to $104,000 the previous quarter.

Deposit and service fee income in the first quarter declined to $332,000 for the three months ended March 31, 2021, compared to $352,000 for the prior three-month period. Net gains on the sale of securities were $21,000 for the first quarter of 2021, compared to $149,000 for the fourth quarter of 2020, and $123,000 for the quarter one year earlier. Commissions on customer investment and insurance sales increased to $595,000, from $391,000 the prior quarter as sales activity increased by adding a sales advisor to the Milwaukee market and advisory fees tied to rising market values. At March 31, 2021, the bank had wealth assets under management totaling $283.6 million compared to $269.0 million at December 31, 2020, and $217.5 million at March 31, 2020. For the first quarter ended March 31, 2021, other noninterest income was $462,000 compared to $488,000 the prior quarter.

Noninterest expense was $6.2 million for the first quarter of 2021, compared to $6.5 million for the fourth quarter of 2020. For the first quarter of 2021, noninterest expense was lower due to lower salaries and employee benefits driven by deferral of $377,000 in second round PPP loan origination costs. Salary and employee benefit expenses were $3.3 million for the first quarter compared to $4.1 million in the fourth quarter of 2020. The fourth quarter of 2020 benefited from a net gain on foreclosed assets of $218,000 compared to a net loss of $130,000 in the first quarter of 2021. Data processing and other office expenses increased to $694,000 for the quarter ended March 31, 2021 from $568,000 for the prior quarter. Included in other noninterest expense was approximately $73,000 of Waukesha Bankshares, Inc. merger related expenses. Due to closing of the purchase on April 16, 2021, it is expected there will be significant additional noninterest and nonrecurring expenses related to the acquisition of Waukesha Bankshares, Inc. incurred during the second quarter of 2021. Cost savings from efficiencies gained in the merger are expected to be fully realized by the end of 2021.

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

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, merger and acquisition activity, 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, the benefits and risks associated with acquisition activities, 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, 2021	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020
Interest income	$ 10,482	$ 9,442	$ 9,155	$ 9,291	$ 9,726
Interest expense	$ 886	$ 1,011	$ 1,261	$ 1,528	$ 1,935
Net interest income	$ 9,596	$ 8,431	$ 7,894	$ 7,763	$ 7,791
Provision for loan losses	$ 1,000	$ 675	$ 1,300	$ 1,800	$ 1,800
Other noninterest income	$ 2,749	$ 2,991	$ 2,929	$ 3,138	$ 2,355
Other noninterest expense	$ 6,200	$ 6,461	$ 6,074	$ 4,879	$ 6,330
Net income	$ 3,896	$ 3,252	$ 2,637	$ 3,190	$ 1,610
Basic earnings per share (3)	$ 0.88	$ 0.73	$ 0.59	$ 0.72	$ 0.36
Diluted earnings per share (3)	$ 0.87	$ 0.73	$ 0.59	$ 0.72	$ 0.36
Dividends declared per share (3)	$ -	$ 0.21	$ -	$ 0.21	$ -
Tangible net book value per share (4)	$ 23.69	$ 23.43	$ 22.73	$ 21.97	$ 20.89
Semi-annual dividend payout ratio	n/a	15.88%	n/a	14.50%	n/a
Average common shares outstanding	4,454,334	4,452,287	4,452,287	4,453,225	4,464,956
Balance sheet - average balances:					
Loans receivable, net of allowances for loss	$ 827,595	$ 807,182	$ 800,611	$ 786,785	$ 705,333
Assets	$ 1,132,905	$ 1,100,064	$ 1,099,402	$ 1,067,466	$ 963,191
Deposits	$ 925,689	$ 896,427	$ 882,682	$ 855,155	$ 761,268
Stockholders' equity	$ 105,868	$ 102,790	$ 100,436	$ 95,909	$ 94,735

Performance ratios:					
Return on average assets (1)	1.39%	1.18%	0.95%	1.20%	0.67%
Return on average stockholders' equity (1)	14.92%	12.59%	10.45%	13.38%	6.84%
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets	9.10%	9.00%	8.85%	8.83%	9.75%
Net loan charge-offs to average loans (1)	0.01%	0.16%	0.00%	0.25%	0.49%
Nonperforming loans to gross loans	1.39%	1.03%	0.98%	0.47%	0.67%
Nonperforming assets to total assets	1.13%	0.90%	0.85%	0.49%	0.54%
Allowance for loan losses to gross loans	1.40%	1.30%	1.31%	1.13%	1.10%
Nonperforming assets to tangible equity plus the allowance for loan losses (4)	11.06%	8.96%	8.50%	5.11%	5.24%
Net interest rate margin (1)(2)	3.62%	3.22%	3.03%	3.09%	3.45%
Net interest rate spread (1)(2)	3.49%	3.07%	2.84%	2.85%	3.20%
Service fee revenue as a percent of average demand deposits (1)	0.57%	0.59%	0.59%	0.49%	1.04%
Noninterest income as a percent of gross revenue	20.78%	24.06%	24.24%	25.25%	19.49%
Efficiency ratio (2)	49.64%	55.87%	55.41%	44.23%	61.59%
Noninterest expenses to average assets (1)	2.22%	2.34%	2.20%	1.84%	2.64%
Tangible equity to tangible assets	9.32%	9.22%	9.17%	8.95%	9.59%
Stock price information:					
High	$ 25.94	$ 23.00	$ 18.80	$ 24.75	$ 28.25
Low	$ 20.45	$ 17.20	$ 17.36	$ 18.55	$ 19.50
Last trade value at quarter-end	$ 25.25	$ 20.57	$ 18.00	$ 18.55	$ 24.75

(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, 2021	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020
Interest and dividend income:					
Loans, including fees	$ 9,442	$ 8,371	$ 8,068	$ 8,175	$ 8,445
Securities:					
Taxable	507	542	564	622	733
Tax-exempt	502	489	474	446	431
Other interest and dividends	31	40	49	48	117
Total interest and dividend income	10,482	9,442	9,155	9,291	9,726
Interest expense:					
Deposits	547	657	833	1,080	1,482
FHLB advances	215	228	304	323	320
Other borrowings	7	6	5	6	14
Senior subordinated notes	28	29	28	28	28
Junior subordinated debentures	89	91	91	91	91
Total interest expense	886	1,011	1,261	1,528	1,935
Net interest income	9,596	8,431	7,894	7,763	7,791
Provision for loan losses	1,000	675	1,300	1,800	1,800
Net interest income after provision for loan losses	8,596	7,756	6,594	5,963	5,991
Noninterest income:					
Service fees	332	352	344	278	391
Gain on sale of mortgage loans	1,152	1,401	1,752	1,747	987
Mortgage loan servicing, net	79	104	(79)	(165)	(23)
Investment and insurance sales commissions	595	391	301	259	349
Net gain on sale of securities	21	149	38	194	123
Increase in cash surrender value of life insurance	108	106	108	104	104
Other noninterest income	462	488	465	721	424

Total noninterest income	2,749	2,991	2,929	3,138	2,355
Noninterest expense:					
Salaries and employee benefits	3,310	4,084	3,526	2,583	3,819
Occupancy and facilities	569	511	566	508	544
Loss (gain) on foreclosed assets	130	(218)	36	23	71
Data processing and other office operations	694	568	743	675	644
Advertising and promotion	79	172	77	94	141
FDIC insurance premiums	83	82	87	23	-
Other noninterest expenses	1,335	1,262	1,039	973	1,111
Total noninterest expense	6,200	6,461	6,074	4,879	6,330
Income before provision for income taxes	5,145	4,286	3,449	4,222	2,016
Provision for income taxes	1,249	1,034	812	1,032	406
Net income	$ 3,896	$ 3,252	$ 2,637	$ 3,190	$ 1,610
Basic earnings per share	$ 0.88	$ 0.73	$ 0.59	$ 0.72	$ 0.36
Diluted earnings per share	$ 0.87	$ 0.73	$ 0.59	$ 0.72	$ 0.36

PSB Holdings, Inc.
Consolidated Balance Sheets
March 31, 2021, September 30, June 30, and March 31, 2020, unaudited, December 31, 2020 derived from audited financial statements

(dollars in thousands, except per share data)	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020
Assets					
Cash and due from banks	$ 12,921	$ 15,723	$ 13,652	$ 13,016	$ 9,665
Interest-bearing deposits	985	1,056	1,750	1,483	1,349
Federal funds sold	16,027	21,749	61,383	45,796	37,071
Cash and cash equivalents	29,933	38,528	76,785	60,295	48,085
Securities available for sale (at fair value)	227,824	228,296	193,179	178,635	171,054
Bank certificates of deposit (at cost)	1,231	1,231	496	1,738	3,234
Loans held for sale	622	954	903	3,755	1,394
Loans receivable, net	829,964	820,956	791,951	805,243	706,584
Accrued interest receivable	3,335	3,527	3,629	3,590	2,847
Foreclosed assets	1,105	1,619	1,485	1,525	425
Premises and equipment, net	11,077	10,920	11,061	11,067	11,098
Mortgage servicing rights, net	1,732	1,657	1,638	1,623	1,668
Federal Home Loan Bank stock (at cost)	2,283	2,283	2,283	2,283	2,283
Cash surrender value of bank-owned life insurance	17,902	17,795	17,089	16,981	16,877
Other assets	5,215	4,189	3,784	6,611	4,330
TOTAL ASSETS	$ 1,132,223	$ 1,131,955	$ 1,104,283	$ 1,093,346	$ 969,879
Liabilities					
Non-interest-bearing deposits	$ 242,974	$ 236,981	$ 241,947	$ 241,914	$ 158,505
Interest-bearing deposits	682,877	695,156	658,667	640,307	606,781
Total deposits	925,851	932,137	900,614	882,221	765,286
Federal Home Loan Bank advances	62,000	62,000	67,000	87,000	88,682
Other borrowings	18,582	12,239	16,216	3,941	3,504
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	9,918	10,920	8,871	11,998	9,024
Total liabilities	1,026,583	1,027,528	1,002,933	995,392	876,728
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 - 4,454,922, 4,452,287, 4,452,287, 4,452,287 and					
4,453,472 shares, respectively	1,830	1,830	1,830	1,830	1,830
Additional paid-in capital	7,890	7,818	7,765	7,712	7,632
Retained earnings	107,751	103,855	101,538	98,901	96,646
Accumulated other comprehensive income (loss), net of tax	1,691	4,458	3,751	3,045	550
Treasury stock, at cost - 1,035,876, 1,038,511, 1,038,511, 1,038,511 and					
1,037,326 shares, respectively	(13,522)	(13,534)	(13,534)	(13,534)	(13,507)
Total stockholders' equity	105,640	104,427	101,350	97,954	93,151
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,132,223	$ 1,131,955	$ 1,104,283	$ 1,093,346	$ 969,879

PSB Holdings, Inc.
Consolidated Statements of Comprehensive Income

(dollars in thousands - unaudited)	Three Months Ended March 31, 2021	2020
Net income	$ 3,896	$ 1,610
Other comprehensive income, net of tax:		
Unrealized loss on securities available for sale	(2,803)	(342)
Reclassification adjustment for security gain included in net income	(15)	(89)
Unrealized gain (loss) on interest rate swap	13	(339)
Reclassification adjustment of interest rate swap settlements included in earnings	38	18
Other comprehensive loss	(2,767)	(752)
Comprehensive income	$ 1,129	$ 858

PSB Holding, Inc.
Loan Composition by Purpose

Quarter-ended (dollars in thousands)	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020
Residential real estate					
One to four family	$ 136,242	$ 125,530	$ 114,226	$ 118,049	$ 122,276

HELOC loans	16,908	18,312	19,747	19,550	20,795
Residential construction & development	25,628	25,519	22,529	23,129	22,963
Residential vacant land	2,524	3,305	3,147	3,417	3,745
Total Residential real estate	181,302	172,666	159,649	164,145	169,779
Commercial/Agricultural real estate					
Owner occupied					
Commercial real estate	194,514	187,059	164,073	164,483	164,851
SBA commercial real estate	1,445	1,483	1,506	1,539	1,571
Agriculture real estate	4,787	4,429	4,677	4,885	5,041
Construction and land development	4,121	5,468	13,557	7,294	8,297
Commercial vacant land	2,998	2,835	2,819	2,241	1,560
Total Owner occupied	207,865	201,274	186,632	180,442	181,320
Non-owner occupied					
Commercial real estate	183,365	173,953	170,847	165,099	158,634
One to four family residential rental	31,914	31,363	30,159	28,451	29,891
SBA commercial real estate	718	749	771	793	824
Construction and land development	31,362	29,846	18,600	11,927	16,406
Commercial vacant land	7,970	8,402	8,907	10,135	13,965
Total Non-owner occupied	255,329	244,313	229,284	216,405	219,720
Commercial/Agricultural non-real estate					
Municipal non-real estate	7,165	11,422	5,687	7,826	5,933
Commercial line	46,833	41,619	40,067	55,317	59,266
Other commercial non-real estate	49,246	52,723	58,718	69,267	70,467
SBA commercial non-real estate	89,603	103,871	118,668	117,436	1,453
Agricultural non-real estate	1,730	1,986	2,150	2,148	2,075
Total Commercial/Agricultural non-real estate	194,577	211,621	225,290	251,994	139,194
Consumer non-real estate					
Consumer installment	3,191	3,400	3,358	3,512	3,344
Consumer line	498	353	366	243	328
Other consumer	123	143	163	160	183
Total Consumer non-real estate	3,812	3,896	3,887	3,915	3,855
Gross loans	842,885	833,770	804,742	816,901	713,868
Net deferred loan costs (fees)	(1,627)	(2,140)	(2,627)	(2,617)	388
Overdrafts	528	161	317	133	199
Allowance for loan losses	(11,822)	(10,835)	(10,481)	(9,174)	(7,871)
Total loans receivable	$ 829,964	$ 820,956	$ 791,951	$ 805,243	$ 706,584

PSB Holdings, Inc.
Nonperforming Assets as of:

(dollars in thousands)	Mar 31, 2021	Dec 31, 2020	Sept 30, 2020	June 30, 2020	Mar 31, 2020
Nonaccrual loans (excluding restructured loans)	$ 5,346	$ 2,071	$ 2,129	$ 2,964	$ 3,868
Nonaccrual restructured loans	1,090	1,064	233	244	232
Restructured loans not on nonaccrual	5,242	5,414	5,508	650	672
Accruing loans past due 90 days or more	-	-	-	-	-
Total nonperforming loans	11,678	8,549	7,870	3,858	4,772
Other real estate owned	1,105	1,619	1,485	1,525	425
Total nonperforming assets	$ 12,783	$ 10,168	$ 9,355	$ 5,383	$ 5,197

Nonperforming loans as a % of gross loans receivable	1.39%	1.03%	0.98%	0.47%	0.67%
Total nonperforming assets as a % of total assets	1.13%	0.90%	0.85%	0.49%	0.54%
Allowance for loan losses as a % of nonperforming loans	101.23%	126.74%	133.18%	237.79%	164.94%

PSB Holdings, Inc.
Nonperforming Assets >= $500,000 net book value before specific reserves
At March 31, 2021
(dollars in thousands)

Collateral Description	Asset Type	Gross Principal	Specific Reserves
Leased retail sales outlet	ORE	$ 1,100	-
Real estate - Hotel	Restructured	4,861	194
Real estate - Buffet Style Restaurant	Restructured/Nonaccrual	876	115
Real estate - Buffet Style Restaurant	Nonaccrual	3,396	1,274
Total listed nonperforming assets		10,233	1,583
Total bank wide nonperforming assets		12,783	1,936
Listed assets as a % of total nonperforming assets		80%	82%

Largest Performing, but Impaired Loans at March 31, 2021 ($000s)

Collateral Description	Asset Type	Gross Principal	Specific Reserves
Real estate - 4 Hotel Group	Impaired	4,336	530
Total listed performing, but impaired loans		4,336	530
Total performing, but impaired loans		5,793	628
Listed assets as a % of total performing, but impaired loans		75%	84%

PSB Holdings, Inc.
Deposit Composition

(dollars in thousands)	March 31, 2021		March 31, 2020		December 31, 2020	
	$	%	$	%	$	%
Non-interest bearing demand	$ 242,974	26.20%	$ 158,505	20.70%	$ 236,981	25.40%
Interest-bearing demand and savings	329,100	35.60%	254,762	33.30%	332,677	35.70%
Money market deposits	215,590	23.30%	192,933	25.20%	222,156	23.80%
Retail and local time deposits <= $250	101,866	11.00%	104,930	13.70%	103,064	11.10%
Total core deposits	889,530	96.10%	711,130	92.90%	894,878	96.00%
Retail and local time deposits > $250	23,904	2.60%	24,423	3.20%	23,112	2.50%
Broker & national time deposits <= $250	10,423	1.10%	7,682	1.00%	12,153	1.30%
Broker & national time deposits > $250	1,994	0.20%	22,051	2.90%	1,994	0.20%
Totals	$ 925,851	100.00%	$ 765,286	100.00%	$ 932,137	100.00%

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

	Quarter ended March 31, 2021			Quarter ended December 31, 2020			Quarter ended March 31, 2020		
	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate
Assets									
Interest-earning assets:									
Loans (1)(2)	$ 838,781	$ 9,454	4.57%	$ 817,875	$ 8,383	4.08%	$ 712,402	$ 8,461	4.78%
Taxable securities	142,539	507	1.44%	129,832	542	1.66%	110,980	733	2.66%
Tax-exempt securities (2)	84,219	635	3.06%	80,619	619	3.05%	66,958	546	3.28%
FHLB stock	2,283	21	3.73%	2,283	27	4.70%	2,121	26	4.93%
Other	22,390	10	0.18%	27,336	13	0.19%	30,253	91	1.21%
Total (2)	1,090,212	10,627	3.95%	1,057,945	9,584	3.60%	922,714	9,857	4.30%
Non-interest-earning assets:									
Cash and due from banks	14,248			14,011			11,621		
Premises and equipment, net	11,009			11,023			10,779		
Cash surrender value ins	17,840			17,206			16,811		
Other assets	10,782			10,572			8,335		
Allowance for loan losses	(11,186)			(10,693)			(7,069)		
Total	$ 1,132,905			$ 1,100,064			$ 963,191		
Liabilities & stockholders' equity									
Interest-bearing liabilities:									
Savings and demand deposits	$ 333,340	$ 65	0.08%	$ 298,696	$ 65	0.09%	$ 261,704	$ 330	0.51%
Money market deposits	217,618	118	0.22%	218,455	128	0.23%	188,507	373	0.80%
Time deposits	138,773	364	1.06%	143,714	464	1.28%	159,294	779	1.97%
FHLB borrowings	62,000	215	1.41%	64,283	228	1.41%	80,486	320	1.60%
Other borrowings	18,964	7	0.15%	16,638	6	0.14%	6,394	14	0.88%
Senior sub. notes	2,500	28	4.54%	2,500	29	4.61%	2,500	28	4.50%
Junior sub. debentures	7,732	89	4.67%	7,732	91	4.68%	7,732	91	4.73%
Total	780,927	886	0.46%	752,018	1,011	0.53%	706,617	1,935	1.10%
Non-interest-bearing liabilities:									
Demand deposits	235,958			235,562			151,763		
Other liabilities	10,152			9,694			10,076		
Stockholders' equity	105,868			102,790			94,735		
Total	$ 1,132,905			$ 1,100,064			$ 963,191		
Net interest income		$ 9,741			$ 8,573			$ 7,922	
Rate spread			3.49%			3.07%			3.20%
Net yield on interest-earning assets			3.62%			3.22%			3.45%

(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.