



NEWS RELEASE

PSB Reports Second Quarter 2019 Earnings of \$2.6 Million or \$0.57 Per Share; Loan Growth Up 7% Over the Past Year

2019-07-29

WAUSAU, Wis., July 29, 2019 (GLOBE NEWSWIRE) -- PSB Holdings, Inc. ("PSB") (OTCQX: PSBQ), the holding company for Peoples State Bank serving North Central Wisconsin, reported second quarter earnings ending June 30, 2019 of \$2.57 million, or \$0.57 per share, compared to earnings of \$0.61 per share on net income of \$2.73 million during the March 2019 quarter and \$0.62 per share one year earlier on earnings of \$2.77 million. The second quarter earnings included expenses associated with the planned consolidation of a branch office partially offset by an increase in gains on the sale of mortgage loans and security gains. Loan production remained strong, with net loans receivable expanding 2.6% from the previous quarter and 7.4% relative to one year earlier.

"During the past quarter, the bank decided to consolidate its two Rhinelander, WI branch locations following a branch remodeling to be completed in the September 2019 quarter. The branch to be closed was purchased in 2014 from Baraboo State Bank. Due to current real estate market conditions, we recorded a write-down of the branch to be closed, which negatively impacted net income during the June 2019 quarter by \$428,000 or \$0.10 per share, after income tax benefits. The consolidation combines our retail and commercial lending activities resulting in easier access and full-service for customers from one Rhinelander location, where we continue to be the leader in deposit market share. The change is also expected to improve operating efficiency, which should result in improved branch profitability," stated Scott Cattanach, President and CEO.

Financial Highlights (at or for the periods ended June 30, 2019, compared to March 31, 2019 and /or June 30, 2018, as applicable):

- The net interest margin increased to 3.72% for the quarter ended June 30, 2019, compared to 3.63% the previous quarter and 3.67% for the second quarter one year earlier. The net interest margin for the second quarter of 2019 reflects a problem loan interest recovery of \$109,000 versus an interest recovery of \$205,000

for the second quarter of 2018. Excluding the interest recovery for the second quarter of 2019, the net interest margin would have been 3.66%, compared to the interest recovery adjusted margin for the quarter ended June 2018 of 3.57%.

- Return on shareholders' equity was 11.90% for the quarter compared to 13.42% one quarter earlier and 14.57% for the second quarter one year earlier. Return on average assets was 1.15% for the second quarter of 2019 compared to 1.23% the previous quarter and 1.31% for the second quarter one year earlier. Excluding the expenses associated with consolidating the Rhinelander office, the return on shareholders' equity was 13.89% for the quarter ended June 30, 2019 and the return on average assets was 1.35% for the same period.
- The efficiency ratio was 62.83% for the second quarter compared to 58.59% one quarter earlier and 57.56% in the year ago quarter. Excluding the expenses associated with closing the Rhinelander office, the efficiency ratio would have been 58.47%.
- Tangible net book value was \$19.41 per share at June 30, 2019, an increase of 2.75% from \$18.89 per share as of March 31, 2019 and 14.85% from \$16.90 per share at June 30, 2018.

Balance Sheet and Asset Quality Review

Total assets were \$901.3 million as of June 30, 2019, compared to \$893.8 million as of March 31, 2019. Relative to the prior quarter, total assets increased \$7.6 million. Meanwhile, total loans receivable increased \$17.5 million, partially fueled by origination activity in our Milwaukee loan production office, which grew net loans \$6.3 million during the quarter to \$61.0 million. Most of the loan growth was in the commercial/agricultural real estate loan portfolio, which increased to \$370.3 million at June 30, 2019 from \$360.0 million three months earlier. The remainder of the loan growth consisted of commercial/agricultural non-real estate loans which increased to \$145.5 million at June 30, 2019 from \$139.4 million at March 31, 2019. Non-owner occupied commercial/agricultural real estate loans represented the largest component of the loan portfolio at 30.1% of gross loans at June 30, 2019, followed by residential real estate loans at 24.1%, owner occupied commercial/agricultural real estate loans at 24.0%, commercial loans at 21.3% and consumer loans at 0.5%. The allowance for loan losses was 0.97% of gross loans at June 30, 2019, compared to 0.98% at the end of the previous quarter and 0.97% one year earlier. The annualized net charge-offs to average loans was 0.00% for the quarter ended June 30, 2019 compared to 0.08% at the end of the previous quarter and 0.16% one year earlier.

Non-performing assets declined to 0.42% of total assets at June 30, 2019, compared to 0.84% at March 31, 2019, and 0.67% at June 30, 2018. The decrease in non-performing assets largely relates to a return to accrual status of a commercial real estate credit that leased property to the retailer Shopko. The borrower has secured a replacement tenant for the former Shopko property and loan payments have continued uninterrupted. We continue to work

towards a positive resolution with another borrower affected by the Shopko bankruptcy that is on our Watch List with a balance of \$2.2 million. At June 30, 2019, non-performing assets consisted of \$2.3 million in non-accruing loans, \$1.0 million in restructured loans not on non-accrual, \$270,000 in non-accrual restructured loans and \$172,000 in foreclosed assets.

At June 30, 2019, cash and investments totaled \$186.3 million compared to \$195.7 million at March 31, 2019. During the course of the quarter, cash and investments were reduced in order to fund loan growth and reduce wholesale funding.

Total deposits were \$715.2 million at June 30, 2019 compared to \$715.4 million at March 31, 2019. At June 30, 2019, interest-bearing demand and savings deposits accounted for 33.30% of total deposits, followed by money market deposits at 23.2%, noninterest-bearing demand deposits at 20.1% and retail and local time deposits at 14.0%. Broker and national time deposits accounted for 5.9% of total deposits at June 30, 2019 versus 6.8% the prior quarter and 9.8% one year earlier. "We have made a concerted effort to reduce our reliance on wholesale deposits and build a stronger base of core deposits to support our lending operations," stated Mark C. Oldenberg, Chief Financial Officer.

FHLB advances were \$59.9 million at June 30, 2019 compared to \$51.2 million at March 31, 2019 while other borrowings decreased to \$19.2 million from \$22.9 million over the same time period.

For the quarter ended June 30, 2019, stockholders' equity increased \$2.0 million, or 2.40%, to \$87.1 million, compared to \$85.1 million at March 31, 2019. Tangible net book value per share increased 2.75% to \$19.41 per share, at June 30, 2019, compared to \$18.89 per share at March 31, 2019. PSB's tangible equity to total assets increased to 9.65% at June 30, 2019, compared to 9.50% at March 31, 2019.

In the first six months of fiscal 2019, PSB repurchased 19,876 shares at an average cost of \$23.37 per share versus 34,956 shares repurchased at an average cost of \$23.18 for the first six months of fiscal 2018.

Operations Review

Net interest income totaled \$7.8 million (on a net margin of 3.72%) for the second quarter of 2019, compared to \$7.6 million (on net margin of 3.63%) for the first quarter of 2019 and \$7.3 million (on a net margin of 3.67%) for the second quarter of 2018. Net interest income growth from the prior quarter was partially due to a \$109,000 interest recapture related to the return of a non-accruing loan to accrual status. Compared to the March 31, 2019 quarter, loans and investment yields increased 8 bps to 4.67% during the quarter ended June 30, 2019 while deposit and borrowing costs rose only 2 bps to 1.25%. Loan yields increased to 5.15%, 5.09% adjusted for interest recapture, from 5.09% during the quarter ended June 30, 2019.

The cost of interest-bearing liabilities increased during the quarter but at a slower rate than the yield on interest-earning assets as fewer wholesale funding sources were utilized and lower costing core deposits were used to fund a larger portion of loans and investments. Deposit costs increased to \$1.63 million for the quarter ended June 30, 2019 from \$1.55 million the previous quarter. Meanwhile, FHLB advances costs declined to \$230,000 from \$309,000 due to lower advance utilization.

The provision for loan losses totaled \$150,000 during the second quarter of 2019 compared to a provision of \$400,000 for the prior linked quarter. The provision primarily relates to new loan originations and an expanding loan portfolio. The prior quarter reflected provisions taken related to a borrower impacted by the Shopko bankruptcy.

Total noninterest income for the second quarter of 2019 was \$1.9 million compared to \$2.1 million during the preceding quarter and \$1.6 million for the second quarter of 2018. The previous quarter included a gain realized on an equity investment of approximately \$534,000, due to a change in accounting principle. Service fees and gains on the sale of mortgage loans in the second quarter were \$403,000 and \$432,000, respectively, compared to \$381,000 and \$175,000 during the first quarter of 2019. Commissions on investment and insurance sales declined to \$310,000 from \$333,000 the prior quarter. At June 30, 2019, the bank had wealth assets under management totaling \$236.6 million compared to \$229.8 million at March 31, 2019 and \$219.5 million at June 30, 2018. The year over year growth of assets under management was 7.80%.

Noninterest expense was \$6.2 million for the second quarter of 2019 compared to \$5.7 million for the first quarter. For the second quarter of 2019, noninterest expense increased due to \$589,000 in expenses associated with writing down assets associated with the closing of the Rhinelander office. Meanwhile salaries and benefit expenses and occupancy and facilities declined over the quarter, offset in part by increased data processing expenses.

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.

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.

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

	Quarter ended				
	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018
Earnings and dividends:					
Interest income	\$ 9,839	\$ 9,604	\$ 9,365	\$ 9,063	\$ 8,685
Interest expense	\$ 2,041	\$ 2,032	\$ 1,888	\$ 1,805	\$ 1,406
Net interest income	\$ 7,798	\$ 7,572	\$ 7,477	\$ 7,258	\$ 7,279
Provision for loan losses	\$ 150	\$ 400	\$ 60	\$ 10	\$ 30
Other noninterest income	\$ 1,903	\$ 2,117	\$ 1,718	\$ 1,615	\$ 1,553
Other noninterest expense	\$ 6,167	\$ 5,745	\$ 5,829	\$ 5,373	\$ 5,145
Net income	\$ 2,572	\$ 2,731	\$ 2,529	\$ 2,661	\$ 2,767
Basic earnings per share (3)	\$ 0.57	\$ 0.61	\$ 0.56	\$ 0.59	\$ 0.62
Diluted earnings per share (3)	\$ 0.57	\$ 0.61	\$ 0.56	\$ 0.59	\$ 0.62
Dividends declared per share (3)	\$ 0.20	\$ -	\$ 0.18	\$ -	\$ 0.18
Tangible net book value per share (4)	\$ 19.41	\$ 18.89	\$ 17.98	\$ 17.37	\$ 16.90
Semi-annual dividend payout ratio	16.95%	n/a	15.65%	n/a	15.49%
Average common shares outstanding	4,486,022	4,494,568	4,488,397	4,490,621	4,492,059
Balance sheet - average balances:					
Loans receivable, net of allowances for loss	\$ 666,008	\$ 658,586	\$ 646,063	\$ 634,469	\$ 619,251
Assets	\$ 893,998	\$ 899,263	\$ 883,373	\$ 881,518	\$ 845,816
Deposits	\$ 713,910	\$ 713,257	\$ 708,318	\$ 708,521	\$ 691,706
Stockholders' equity	\$ 86,656	\$ 82,516	\$ 79,525	\$ 77,390	\$ 76,150
Performance ratios:					
Return on average assets (1)	1.15%	1.23%	1.14%	1.20%	1.31%
Return on average stockholders'					

equity (1)	11.90%	13.42%	12.62%	13.64%	14.57%
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets	9.68%	9.27%	9.22%	9.02%	9.21%
Net loan charge-offs to average loans (1)	0.00%	0.08%	0.07%	-0.06%	0.16%
Nonperforming loans to gross loans	0.53%	1.11%	0.91%	0.84%	0.81%
Nonperforming assets to total assets	0.42%	0.84%	0.67%	0.67%	0.67%
Allowance for loan losses to gross loans	0.97%	0.98%	0.94%	0.98%	0.97%
Nonperforming assets to tangible equity plus the allowance for loan losses (4)	4.13%	8.40%	7.20%	7.14%	7.37%
Net interest rate margin (1)(2)	3.72%	3.63%	3.58%	3.48%	3.67%
Net interest rate spread (1)(2)	3.42%	3.36%	3.32%	3.23%	3.46%
Service fee revenue as a percent of average demand deposits (1)	1.14%	1.12%	1.15%	1.16%	1.13%
Noninterest income as a percent of gross revenue	16.21%	18.06%	15.50%	15.12%	15.17%
Efficiency ratio (2)	62.83%	58.59%	62.54%	59.75%	57.56%
Noninterest expenses to average assets (1)	2.77%	2.59%	2.62%	2.42%	2.44%
Tangible equity to actual assets	9.65%	9.50%	8.81%	8.83%	8.61%

Stock price information:

High	\$	24.75	\$	23.45	\$	27.50	\$	27.45	\$	24.67
Low	\$	22.00	\$	21.25	\$	21.10	\$	24.08	\$	23.08
Last trade value at quarter-end	\$	24.00	\$	22.75	\$	22.50	\$	27.20	\$	24.67

(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.

Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Quarter Ended				
	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018
Interest and dividend income:					
Loans, including fees	\$ 8,629	\$ 8,334	\$ 8,125	\$ 7,814	\$ 7,579
Securities:					
Taxable	730	713	714	732	677
Tax-exempt	389	396	424	394	364
Other interest and dividends	91	161	102	123	65
Total interest and dividend income	9,839	9,604	9,365	9,063	8,685
Interest expense:					
Deposits	1,634	1,553	1,435	1,324	1,078
FHLB advances	230	309	315	359	221
Other borrowings	57	51	18	1	3
Senior subordinated notes	28	28	28	28	29
Junior subordinated debentures	92	91	92	93	75
Total interest expense	2,041	2,032	1,888	1,805	1,406
Net interest income	7,798	7,572	7,477	7,258	7,279
Provision for loan losses	150	400	60	10	30
Net interest income after provision for loan losses	7,648	7,172	7,417	7,248	7,249
Noninterest income:					
Service fees	403	381	419	415	389
Gain on sale of mortgage loans	432	175	227	286	258
Mortgage loan servicing, net	84	125	129	115	131
Investment and insurance sales commissions	310	333	430	299	274
Net gain on sale of securities	121	18	-	-	-
Increase in cash surrender value of life insurance	101	98	96	95	93
Other noninterest income	452	987	417	405	408
Total noninterest income	1,903	2,117	1,718	1,615	1,553
Noninterest expense:					
Salaries and employee benefits	3,322	3,428	3,566	3,244	3,101
Occupancy and facilities	591	601	526	499	534
Loss (gain) on foreclosed assets	3	4	(17)	(7)	(18)
Data processing and other office operations	646	577	654	649	625
Advertising and promotion	120	100	163	98	74
FDIC insurance premiums	63	59	61	63	65
Other noninterest expenses	1,422	976	876	827	764
Total noninterest expense	6,167	5,745	5,829	5,373	5,145
Income before provision for income taxes	3,384	3,544	3,306	3,490	3,657

Provision for income taxes		812	813	777	829	890
Net income	\$	2,572	\$ 2,731	\$ 2,529	\$ 2,661	\$ 2,767
Basic earnings per share	\$	0.57	\$ 0.61	\$ 0.56	\$ 0.59	\$ 0.62
Diluted earnings per share	\$	0.57	\$ 0.61	\$ 0.56	\$ 0.59	\$ 0.62

PSB Holdings, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Three Months Ended June		Six Months Ended June	
	2019	2018	2019	2018
Interest and dividend income:				
Loans, including fees	\$ 8,629	\$ 7,579	\$ 16,963	\$ 14,550
Securities:				
Taxable	730	677	1,443	1,353
Tax-exempt	389	364	785	699
Other interest and dividends	91	65	252	159
Total interest and dividend income	9,839	8,685	19,443	16,761
Interest expense:				
Deposits	1,634	1,078	3,187	2,056
FHLB advances	230	221	539	411
Other borrowings	57	3	108	5
Senior subordinated notes	28	29	56	55
Junior subordinated debentures	92	75	183	141
Total interest expense	2,041	1,406	4,073	2,668
Net interest income	7,798	7,279	15,370	14,093
Provision for loan losses	150	30	550	60
Net interest income after provision for loan losses	7,648	7,249	14,820	14,033
Noninterest income:				
Service fees	403	389	784	777
Gain on sale of mortgage loans	-	-	-	-
Mortgage banking income	516	389	816	771
Investment and insurance sales commissions	310	274	643	578
Net gain on sale of securities	121	-	139	-
Increase in cash surrender value of life insurance	101	93	199	182
Other noninterest income	452	408	1,439	835
Total noninterest income	1,903	1,553	4,020	3,143

Noninterest expense:				
Salaries and employee benefits	3,322	3,101	6,750	6,384
Occupancy and facilities	591	534	1,192	1,090
Loss (gain) on foreclosed assets	3	(18)	7	(10)
Data processing and other office operations	646	625	1,223	1,260
Advertising and promotion	120	74	220	159
FDIC insurance premiums	63	65	122	123
Other noninterest expenses	1,422	764	2,398	1,505
Total noninterest expense	6,167	5,145	11,912	10,511
Income before provision for income taxes	3,384	3,657	6,928	6,665
Provision for income taxes	812	890	1,625	1,543
Net income	\$ 2,572	\$ 2,767	\$ 5,303	\$ 5,122
Basic earnings per share	\$ 0.57	\$ 0.62	\$ 1.18	\$ 1.14
Diluted earnings per share	\$ 0.57	\$ 0.62	\$ 1.18	\$ 1.14

PSB Holdings, Inc.
Consolidated Statements of Comprehensive Income

(dollars in thousands - unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income	\$ 2,572	\$ 2,767	\$ 5,303	\$ 5,122
Other comprehensive income, net of tax:				
Unrealized gain (loss) on securities available for sale	995	(232)	2,510	(1,280)
Reclassification adjustment for security gain included in net income	(88)	-	(101)	-
Amortization of unrealized gain included in net income on securities available for sale transferred to securities held to maturity	(1)	(10)	(6)	(25)
Unrealized loss on interest rate swap	(142)	(60)	(218)	(59)
Reclassification adjustment of interest rate swap settlements included in earnings	6	2	9	2

Other comprehensive income (loss)	770	(300)	2,194	(1,362)
Comprehensive income	\$ 3,342	\$ 2,467	\$ 7,497	\$ 3,760

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

(dollars in thousands, except per share data)	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018
Assets					
Cash and due from banks	\$ 11,825	\$ 8,917	\$ 18,923	\$ 15,348	\$ 11,876
Interest-bearing deposits	2,306	349	501	930	453
Federal funds sold	4,552	12,989	24,554	14,246	19,493
Cash and cash equivalents	18,683	22,255	43,978	30,524	31,822
Securities available for sale (at fair value)	123,586	127,368	113,821	114,997	114,939
Securities held to maturity (fair values of \$42,511, \$43,338, \$57,607, \$59,341 and \$61,487 respectively)	42,074	43,061	58,311	60,421	62,299
Bank certificates of deposit (at cost)	1,984	2,976	2,976	2,976	2,976
Loans held for sale	50	245	358	-	405
Loans receivable, net	678,247	660,756	658,481	636,712	631,620
Accrued interest receivable	2,844	2,826	2,777	2,709	2,544
Foreclosed assets	172	113	113	483	736
Premises and equipment, net	9,749	10,426	10,209	10,339	10,524
Mortgage servicing rights, net	1,738	1,781	1,805	1,805	1,817
Federal Home Loan Bank stock (at cost)	1,662	1,657	2,330	2,011	2,297
Cash surrender value of bank-owned life insurance	16,564	16,463	16,365	15,407	15,312
Other assets	3,961	3,836	4,474	4,893	4,655
TOTAL ASSETS	\$ 901,314	\$ 893,763	\$ 915,998	\$ 883,277	\$ 881,946
Liabilities					
Non-interest-bearing deposits	\$ 143,423	\$ 138,124	\$ 148,611	\$ 151,484	\$ 138,079
Interest-bearing deposits	571,794	577,263	577,215	565,799	571,512
Total deposits	715,217	715,387	725,826	717,283	709,591
Federal Home Loan Bank advances	59,915	51,165	81,071	64,660	71,523

Other borrowings	19,179	22,870	8,379	4,864	1,140
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	9,668	9,047	9,650	8,144	13,412
Total liabilities	814,211	808,701	835,158	805,183	805,898
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 - 4,480,585, 4,495,110, 4,487,895, 4,488,720 and 4,491,789 shares, respectively	1,830	1,830	1,830	1,830	1,830
Additional paid-in capital	7,490	7,497	7,430	7,384	7,339
Retained earnings	89,986	88,314	85,583	83,861	81,200
Accumulated other comprehensive income (loss), net of tax	543	(227)	(1,651)	(2,649)	(2,059)
Treasury stock, at cost - 1,010,213, 995,688, 1,002,903, 1,002,078 and 999,009 shares, respectively	(12,746)	(12,352)	(12,352)	(12,332)	(12,262)
Total stockholders' equity	87,103	85,062	80,840	78,094	76,048
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 901,314	\$ 893,763	\$ 915,998	\$ 883,277	\$ 881,946

PSB Holding, Inc.
Loan Composition by Purpose

Quarter-ended (dollars in thousands)	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Total Loans					
Residential real estate					
One to four family HELOC loans	\$ 117,093	\$ 116,393	\$ 117,970	\$ 120,130	\$ 119,736
Residential construction & development	22,158	23,631	24,746	25,880	25,529
Residential vacant land	20,937	18,893	16,413	13,483	12,464
	4,680	5,052	5,370	5,507	7,017
Total Residential real estate	164,868	163,969	164,499	165,000	164,746
Commercial/Agricultural real estate					

Owner occupied					
Commercial real estate	149,507	147,435	145,480	141,043	136,248
SBA commercial real estate	1,386	1,741	1,769	1,888	1,560
Agriculture real estate	5,764	5,078	4,968	4,895	4,547
Construction and land development	7,832	6,523	350	-	-
Total Owner occupied	164,489	160,777	152,567	147,826	142,355
Non-owner occupied					
Commercial real estate	168,809	161,647	147,246	134,860	135,162
SBA commercial real estate	141	146	151	156	160
Agricultural real estate	-	-	315	321	331
Construction and land development	22,159	22,014	35,288	32,481	31,377
Commercial vacant land	14,702	15,404	13,800	14,414	11,535
Total Non-owner occupied	205,811	199,211	196,800	182,232	178,565
Commercial/Agricultural non-real estate					
Municipal non-real estate	9,017	6,353	6,806	6,661	8,532
Commercial line	65,252	58,117	68,300	62,357	64,652
Other commercial non-real estate	65,500	69,073	65,829	68,446	69,474
SBA commercial non-real estate	2,252	2,169	2,278	2,557	2,785
Agricultural non-real estate	3,491	3,699	3,994	4,366	3,396
Total Commercial/Agricultural non-real estate	145,512	139,411	147,207	144,387	148,839
Consumer non-real estate					
Consumer installment	3,093	2,793	2,755	2,629	2,415
Consumer line	304	344	243	216	220
Other consumer	195	190	218	212	199
Total Consumer non-real estate	3,592	3,327	3,216	3,057	2,834
Gross loans	684,272	666,695	664,289	642,502	637,339
Net deferred loan costs	300	272	213	212	237
Overdrafts	339	296	211	278	217
Allowance for loan losses	(6,664)	(6,507)	(6,232)	(6,280)	(6,173)
Total loans receivable	<u>\$ 678,247</u>	<u>\$ 660,756</u>	<u>\$ 658,481</u>	<u>\$ 636,712</u>	<u>\$ 631,620</u>

PSB Holdings, Inc.
Deposit Composition

(dollars in thousands)	June 30,				December 31,	
	2019		2018		2018	
	\$	%	\$	%	\$	%
Non-interest bearing demand	\$ 143,423	20.1%	\$ 138,079	19.5%	\$ 148,611	20.5%

Interest-bearing demand and savings	237,922	33.3%	245,734	34.6%	254,857	35.1%
Money market deposits	165,918	23.2%	138,807	19.6%	145,300	20.0%
Retail and local time deposits <= \$250	100,560	14.0%	98,066	13.8%	99,584	13.8%
Total core deposits	647,823	90.6%	620,686	87.5%	648,352	89.4%
Wholesale interest-bearing demand	-	0.0%	-	0.0%	-	0.0%
Retail and local time deposits > \$250	25,077	3.5%	18,952	2.7%	22,131	3.0%
Broker & national time deposits <= \$250	3,470	0.5%	4,369	0.6%	2,483	0.3%
Broker & national time deposits > \$250	38,847	5.4%	65,584	9.2%	52,860	7.3%
Totals	\$ 715,217	100.0%	\$ 709,591	100.0%	\$ 725,826	100.0%

Nonperforming Assets as of: (dollars in thousands)	June		December 31,
	2019	2018	2018
Nonaccrual loans (excluding restructured loans)	\$ 2,306	\$ 2,856	\$ 3,422
Nonaccrual restructured loans	270	327	313
Restructured loans not on nonaccrual	1,048	1,998	2,284
Accruing loans past due 90 days or more	-	-	-
Total nonperforming loans	3,624	5,181	6,019
Foreclosed assets	172	736	113
Total nonperforming assets	\$ 3,796	\$ 5,917	\$ 6,132
Nonperforming loans as a % of gross loans receivable	0.53%	0.81%	0.91%
Total nonperforming assets as a % of total assets	0.42%	0.67%	0.67%
Allowance for loan losses as a % of nonperforming loans	183.89%	119.15%	103.54%

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

	Quarter ended June 30, 2019			Quarter ended June 30, 2018		
	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate
Assets						
Interest-earning assets:						
Loans (1)(2)	\$ 672,576	\$ 8,641	5.15%	\$ 625,518	\$ 7,589	4.87%

Taxable securities	106,737	730	2.74%	107,976	677	2.51%
Tax-exempt securities (2)	61,851	492	3.19%	60,746	461	3.04%
FHLB stock	1,593	24	6.04%	1,875	18	3.85%
Other	11,470	67	2.34%	11,291	47	1.67%
Total (2)	854,227	9,954	4.67%	807,406	8,792	4.37%
Non-interest-earning assets:						
Cash and due from banks	10,837			9,575		
Premises and equipment, net	10,422			10,568		
Cash surrender value ins	16,506			15,261		
Other assets	8,574			9,273		
Allowance for loan losses	(6,568)			(6,267)		
Total	\$ 893,998			\$ 845,816		
Liabilities & stockholders' equity						
Interest-bearing liabilities:						
Savings and demand deposits	\$ 239,929	\$ 417	0.70%	\$ 237,466	\$ 289	0.49%
Money market deposits	161,070	392	0.98%	138,464	159	0.46%
Time deposits	171,501	825	1.93%	177,366	630	1.42%
FHLB borrowings	51,014	230	1.81%	54,748	221	1.62%
Other borrowings	22,302	57	1.03%	4,450	3	0.27%
Senior sub. notes	2,500	28	4.49%	2,500	29	4.65%
Junior sub. debentures	7,732	92	4.77%	7,732	75	3.89%
Total	656,048	2,041	1.25%	622,726	1,406	0.91%
Non-interest-bearing liabilities:						
Demand deposits	141,410			138,410		
Other liabilities	9,884			8,530		
Stockholders' equity	86,656			76,150		
Total	\$ 893,998			\$ 845,816		
Net interest income	\$ 7,913			\$ 7,386		
Rate spread			3.42%			3.46%
Net yield on interest-earning assets			3.72%			3.67%

(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)

	Six months ended June 30, 2019			Six months ended June 30, 2018		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets						
Interest-earning assets:						
Loans (1)(2)	\$ 668,732	\$ 16,986	5.12%	\$ 620,098	\$ 14,573	4.74%
Taxable securities	105,933	1,443	2.75%	109,539	1,353	2.49%
Tax-exempt securities (2)	63,472	994	3.16%	58,601	885	3.05%
FHLB stock	1,803	59	6.60%	1,873	41	4.41%
Other	16,701	193	2.33%	15,118	118	1.57%
Total (2)	856,641	19,675	4.63%	805,229	16,970	4.25%
Non-interest-earning assets:						
Cash and due from banks	11,080			10,140		
Premises and equipment, net	10,402			10,554		
Cash surrender value ins	16,456			15,214		
Other assets	8,782			9,064		
Allowance for loan losses	(6,415)			(6,340)		
Total	\$ 896,946			\$ 843,861		
Liabilities & stockholders' equity						
Interest-bearing liabilities:						
Savings and demand deposits	\$ 246,577	\$ 889	0.73%	\$ 239,003	\$ 557	0.47%
Money market deposits	153,988	691	0.90%	138,031	304	0.44%
Time deposits	173,515	1,607	1.87%	176,669	1,195	1.36%
FHLB borrowings	57,635	539	1.89%	53,536	411	1.55%
Other borrowings	21,052	108	1.03%	4,639	5	0.22%
Senior sub. notes	2,500	56	4.52%	2,500	55	4.44%
Junior sub. debentures	7,732	183	4.77%	7,732	141	3.68%
Total	662,999	4,073	1.24%	622,110	2,668	0.86%
Non-interest-bearing liabilities:						
Demand deposits	139,623			137,777		
Other liabilities	9,670			8,731		
Stockholders' equity	84,654			75,243		
Total	\$ 896,946			\$ 843,861		
Net interest income		\$ 15,602			\$ 14,302	
Rate spread			3.39%			3.39%
Net yield on interest-earning assets			3.67%			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 tax rate of 21%.

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Source: PSB Holdings, Inc.