



NEWS RELEASE

PSB Reports Third Quarter 2019 Earnings of \$3.1 Million or \$0.70 Per Share; Organic Loan and Deposit Growth Fuel Earnings

2019-10-28

WAUSAU, Wis., Oct. 28, 2019 (GLOBE NEWSWIRE) -- PSB Holdings, Inc. ("PSB") (OTCQX: PSBQ), the holding company for Peoples State Bank serving North Central Wisconsin, reported third quarter earnings ending September 30, 2019 of \$3.13 million, or \$0.70 per share, compared to earnings of \$0.57 per share on net income of \$2.57 million during the June 2019 quarter, and \$0.59 per share one year earlier on earnings of \$2.66 million. The third quarter earnings growth reflected higher net interest income, and lower levels of non-interest expense partially offset by lower non-interest income compared to the June 2019 quarter. During the quarter, the Bank received an FDIC assessment credit on deposit premiums as the federal insurance fund reached a targeted reserve level. Loan production remained strong, with net loans receivable expanding 2.0% from the previous quarter and 8.6% relative to one year earlier.

"PSB achieved record earnings in the September 2019 quarter as continued commercial real estate loan growth was joined by increase mortgage banking income while reduced operating expenses from the consolidation of our Rhinelander branches and the effective elimination of our FDIC insurance premiums as FDIC reserves reached their targeted level. In the first quarter of 2020, we also expect to convert our Milwaukee area LPO office into a new branch office, adding a new market for deposit growth," stated Scott Cattanach, President and CEO.

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

- Return on shareholders' equity was 13.94% for the quarter compared to 11.90% one quarter earlier and 13.64% for the third quarter one year earlier. Return on average assets was 1.34% for the third quarter of 2019 compared to 1.15% the previous quarter and 1.20% for the third quarter one year earlier. Excluding a \$428,000 write-down related to a branch consolidation, June 2019 return on equity was 13.89% and return on

average assets was 1.35%.

- The efficiency ratio improved to 55.14% for the third quarter compared to 62.83% one quarter earlier and 59.75% in the year ago quarter. Excluding the branch consolidation write-down, June 2019 efficiency ratio was 58.47%.
- Total assets grew to \$949.7 million at September 30, 2019 from \$901.3 million one quarter earlier and \$883.3 million one year earlier. Loan and deposit growth supported balance sheet expansion.
- The net interest margin decreased to 3.60% for the quarter ended September 30, 2019, compared to 3.72% the previous quarter and 3.48% for the third quarter one year earlier. The net interest margin for the second quarter of 2019 would have been 3.66% before reflecting a problem loan interest recovery of \$109,000.
- Tangible net book value was \$20.24 per share at September 30, 2019, an increase of 4.28% from \$19.41 per share as of June 30, 2019 and 16.52% from \$17.37 per share at September 30, 2018.

Balance Sheet and Asset Quality Review

Total assets were \$949.7 million as of September 30, 2019, compared to \$901.3 million as of June 30, 2019, an increase of \$48.4 million, or 5.4%. Total loans receivable increased \$13.3 million with much of the new loans consisting of loans secured by commercial real estate. The commercial/agricultural real estate loan portfolio increased to \$385.5 million at September 30, 2019 from \$370.3 million three months earlier. Non-owner occupied commercial real estate loans represented the largest component of the loan portfolio at 29.8% of gross loans at September 30, 2019, followed by owner occupied commercial real estate loans at 25.5%, residential real estate at 24.1%, commercial/agricultural loans at 20.0% and consumer loans at 0.7%. Total agricultural related loans represent 1.25% of the total loan portfolio. The allowance for loan losses remained at 0.97% of gross loans at September 30, 2019. The annualized net charge-offs to average loans was 0.01% for the quarter ended September 30, 2019 compared to 0.00% at the end of the previous quarter and a net recovery of 0.06% one year earlier.

Non-performing assets increased to 0.57% of total assets at September 30, 2019, compared to 0.42% at June 30, 2019, and 0.67% at September 30, 2018. Although a \$1.5 million Shopko related loan was removed from non-accrual during the September 2019 quarter as the borrower acquired a replacement tenant, a separate \$2.2 million Shopko loan was added to non-accrual status, although the borrower continues to make all scheduled payments while searching for a new tenant. At September 30, 2019, non-performing assets consisted of \$3.6 million in non-accrual loans, \$510,000 in non-accrual restructured loans, \$747,000 in restructured loans not on non-accrual, and \$572,000 in other real estate owned. The former Rhinelander branch office written down in connection with the June 2019 branch consolidation represents \$400,000 of the other real estate owned.

At September 30, 2019, cash and investments totaled \$219.8 million compared to \$186.3 million at June 30, 2019. During the course of the quarter, cash and investments increased due to deposit growth and new Federal Home Loan Bank advances secured to support anticipated loan origination activity. FHLB advances were \$85.5 million at September 30, 2019 compared to \$59.9 million at June 30, 2019 while other borrowings decreased to \$17.4 million from \$19.2 million over the same time period.

Total deposits increased to \$736.2 million at September 30, 2019 compared to \$715.2 million at June 30, 2019, up 2.9%. At September 30, 2019, interest-bearing demand and savings deposits accounted for 33.0% of total deposits, followed by money market deposits at 23.1%, noninterest-bearing demand deposits at 21.7% and retail and local time deposits at 13.9%. Broker and national time deposits accounted for 4.9% of total deposits at September 30, 2019 versus 5.9% the prior quarter and 9.3% one year earlier.

For the quarter ended September 30, 2019, stockholders' equity increased \$3.5 million, or 4.04%, to \$90.6 million, compared to \$87.1 million at June 30, 2019. Tangible net book value per share increased 4.28%, to \$20.24 per share, at September 30, 2019, compared to \$19.41 per share at June 30, 2019. PSB's tangible equity to total assets was 9.53% at September 30, 2019, compared to 9.65% at June 30, 2019.

Operations Review

Net interest income totaled \$7.9 million (on a net margin of 3.60%) for the third quarter of 2019, compared to \$7.8 million (on net margin of 3.72%) for the second quarter of 2019 and \$7.3 million (on a net margin of 3.48%) for the third quarter of 2018. The second quarter net interest income included interest recapture associated with repayment of a problem loan of \$109,000, which increased quarterly net margin by 0.06%. Compared to the June 30, 2019 quarter, loans and investment yields decreased 5 bps, excluding the June 2019 problem loan interest recapture, to 4.57% during the quarter ended September 30, 2019 while deposit and borrowing costs rose one bp to 1.26%. The decline in proforma loan and investment yields (excluding the loan interest recapture) 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. Proforma loan yields decreased to 5.04% from 5.15% during the quarter ended June 30, 2019, as many loans repriced lower as the prime rate declined.

The cost of interest-bearing liabilities increased slightly during the quarter, reflecting higher rates associated with time deposits partially offset by lower rates on money market accounts and Federal Home Loan Bank borrowings as the Federal Reserve reduced their discount rate. Deposit costs increased to \$1.65 million for the quarter ended September 30, 2019 from \$1.63 million the previous quarter. While the balance of FHLB advances increased \$25.6 million, the weighted average costs declined to 1.70% from 1.81% the previous quarter.

“The composition of the deposit portfolio continues to change as we rely less on brokered deposits as lower-cost core deposits have increased. Therefore, total deposits increased \$21.0 million in the third quarter, while core deposits increased \$28.3 million. Changes in our portfolio mix, along with short-term national market rates declining have created an expectation that our funding costs have peaked,” said Mark C. Oldenberg, Chief Financial Officer.

The provision for loan losses totaled \$150,000 during the third quarter of 2019 compared to the same provision level for the prior linked quarter. The provision primarily relates to new loan originations and an expanding loan portfolio.

Total noninterest income for the third quarter of 2019 was \$1.8 million compared to \$1.9 million during the preceding quarter and \$1.6 million for the third quarter of 2018. Service fees in the third quarter were \$348,000 compared to \$403,000 during the second quarter of 2019. Service fees declined \$55,000 for the third quarter after the Company elected to refund \$73,000 to business checking account customers associated with a correction and change of a service charge first imposed during 2018. Gains on sale of mortgage loans increased to \$463,000 for the third quarter from \$432,000 in the second quarter of 2019 as falling long-term U.S. Treasury rates have spurred mortgage refinance activity. Commissions on investment and insurance sales declined to \$276,000 from \$310,000 the prior quarter. At September 30, 2019, the bank had wealth assets under management totaling \$240.6 million compared to \$236.6 million at June 30, 2019 and \$227.8 million at September 30, 2018. The year over year growth of assets under management was 5.6%.

Noninterest expense was \$5.4 million for the third quarter of 2019 compared to \$6.2 million for the second 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. Additionally, the third quarter 2019 results reflect the elimination of FDIC insurance premiums as the FDIC insurance fund reached its targeted level saving \$63,000 compared to the second quarter 2019. The Bank will not record further FDIC insurance expense until further notice from the FDIC.

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 eight 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					
	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	
Earnings and dividends:						
Interest income	\$ 10,098	\$ 9,839	\$ 9,604	\$ 9,365	\$ 9,063	
Interest expense	\$ 2,154	\$ 2,041	\$ 2,032	\$ 1,888	\$ 1,805	
Net interest income	\$ 7,944	\$ 7,798	\$ 7,572	\$ 7,477	\$ 7,258	
Provision for loan losses	\$ 150	\$ 150	\$ 400	\$ 60	\$ 10	
Other noninterest income	\$ 1,802	\$ 1,903	\$ 2,117	\$ 1,718	\$ 1,615	
Other noninterest expense	\$ 5,437	\$ 6,167	\$ 5,745	\$ 5,829	\$ 5,373	
Net income	\$ 3,131	\$ 2,572	\$ 2,731	\$ 2,529	\$ 2,661	
Basic earnings per share (3)	\$ 0.70	\$ 0.57	\$ 0.61	\$ 0.56	\$ 0.59	
Diluted earnings per share (3)	\$ 0.70	\$ 0.57	\$ 0.61	\$ 0.56	\$ 0.59	
Dividends declared per share (3)	\$ -	\$ 0.20	\$ -	\$ 0.18	\$ -	
Tangible net book value per share (4)	\$ 20.24	\$ 19.41	\$ 18.89	\$ 17.98	\$ 17.37	
Semi-annual dividend payout ratio	n/a	16.95	% n/a	15.65	% n/a	
Average common shares outstanding	4,473,583	4,486,022	4,494,568	4,488,397	4,490,621	
Balance sheet - average balances:						
Loans receivable, net of allowances for loss	\$ 689,057	\$ 666,008	\$ 658,586	\$ 646,063	\$ 634,469	
Assets	\$ 928,282	\$ 893,998	\$ 899,263	\$ 883,373	\$ 881,518	
Deposits	\$ 721,788	\$ 713,910	\$ 713,257	\$ 708,318	\$ 708,521	
Stockholders' equity	\$ 89,139	\$ 86,656	\$ 82,516	\$ 79,525	\$ 77,390	
Performance ratios:						
Return on average assets (1)	1.34	% 1.15	% 1.23	% 1.14	% 1.20	%
Return on average stockholders' equity (1)	13.94	% 11.90	% 13.42	% 12.62	% 13.64	%
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets	9.52	% 9.68	% 9.27	% 9.22	% 9.02	%
Net loan charge-offs to average loans (1)	0.01	% 0.00	% 0.08	% 0.07	% -0.06	%
Nonperforming loans to gross loans	0.70	% 0.53	% 1.11	% 0.91	% 0.84	%
Nonperforming assets to total assets	0.57	% 0.42	% 0.84	% 0.67	% 0.67	%
Allowance for loan losses to gross loans	0.97	% 0.97	% 0.98	% 0.94	% 0.98	%
Nonperforming assets to tangible equity plus the allowance for loan losses (4)	5.69	% 4.13	% 8.40	% 7.20	% 7.14	%
Net interest rate margin (1)(2)	3.60	% 3.72	% 3.63	% 3.58	% 3.48	%
Net interest rate spread (1)(2)	3.31	% 3.42	% 3.36	% 3.32	% 3.23	%
Service fee revenue as a percent of average demand deposits (1)	0.90	% 1.14	% 1.12	% 1.15	% 1.16	%

Noninterest income as a percent of gross revenue	15.14	% 16.21	% 18.06	% 15.50	% 15.12	%
Efficiency ratio (2)	55.14	% 62.83	% 58.59	% 62.54	% 59.75	%
Noninterest expenses to average assets (1)	2.32	% 2.77	% 2.59	% 2.62	% 2.42	%
Tangible equity to actual assets	9.53	% 9.65	% 9.50	% 8.81	% 8.83	%

Stock price information:

High	\$ 27.50	\$ 24.75	\$ 23.45	\$ 27.50	\$ 27.45
Low	\$ 23.55	\$ 22.00	\$ 21.25	\$ 21.10	\$ 24.08
Last trade value at quarter-end	\$ 26.49	\$ 24.00	\$ 22.75	\$ 22.50	\$ 27.20

(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				
	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018
Interest and dividend income:					
Loans, including fees	\$ 8,823	\$ 8,629	\$ 8,334	\$ 8,125	\$ 7,814
Securities:					
Taxable	769	730	713	714	732
Tax-exempt	378	389	396	424	394
Other interest and dividends	128	91	161	102	123
Total interest and dividend income	10,098	9,839	9,604	9,365	9,063
Interest expense:					
Deposits	1,654	1,634	1,553	1,435	1,324
FHLB advances	323	230	309	315	359
Other borrowings	58	57	51	18	1
Senior subordinated notes	28	28	28	28	28
Junior subordinated debentures	91	92	91	92	93
Total interest expense	2,154	2,041	2,032	1,888	1,805
Net interest income	7,944	7,798	7,572	7,477	7,258
Provision for loan losses	150	150	400	60	10
Net interest income after provision for loan losses	7,794	7,648	7,172	7,417	7,248
Noninterest income:					
Service fees	348	403	381	419	415
Gain on sale of mortgage loans	463	432	175	227	286
Mortgage loan servicing, net	89	84	125	129	115
Investment and insurance sales commissions	276	310	333	430	299
Net gain on sale of securities	-	121	18	-	-
Increase in cash surrender value of life insurance	105	101	98	96	95
Other noninterest income	521	452	987	417	405
Total noninterest income	1,802	1,903	2,117	1,718	1,615
Noninterest expense:					
Salaries and employee benefits	3,372	3,322	3,428	3,566	3,244
Occupancy and facilities	510	591	601	526	499
Loss (gain) on foreclosed assets	4	3	4	(17	(7
Data processing and other office operations	654	646	577	654	649
Advertising and promotion	107	120	100	163	98
FDIC insurance premiums	-	63	59	61	63
Other noninterest expenses	790	1,422	976	876	827
Total noninterest expense	5,437	6,167	5,745	5,829	5,373
Income before provision for income taxes	4,159	3,384	3,544	3,306	3,490
Provision for income taxes	1,028	812	813	777	829

Net income	\$ 3,131	\$ 2,572	\$ 2,731	\$ 2,529	\$ 2,661
Basic earnings per share	\$ 0.70	\$ 0.57	\$ 0.61	\$ 0.56	\$ 0.59
Diluted earnings per share	\$ 0.70	\$ 0.57	\$ 0.61	\$ 0.56	\$ 0.59

PSB Holdings, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Three Months Ended September		Nine Months Ended September	
	2019	2018	2019	2018
Interest and dividend income:				
Loans, including fees	\$ 8,823	\$ 7,814	\$ 25,786	\$ 22,364
Securities:				
Taxable	769	732	2,212	2,085
Tax-exempt	378	394	1,163	1,093
Other interest and dividends	128	123	380	282
Total interest and dividend income	10,098	9,063	29,541	25,824
Interest expense:				
Deposits	1,654	1,324	4,841	3,380
FHLB advances	323	359	862	770
Other borrowings	58	1	166	6
Senior subordinated notes	28	28	84	83
Junior subordinated debentures	91	93	274	234
Total interest expense	2,154	1,805	6,227	4,473
Net interest income	7,944	7,258	23,314	21,351
Provision for loan losses	150	10	700	70
Net interest income after provision for loan losses	7,794	7,248	22,614	21,281
Noninterest income:				
Service fees	348	415	1,132	1,192
Gain on sale of mortgage loans	-	-	-	-
Mortgage banking income	552	401	1,368	1,172
Investment and insurance sales commissions	276	299	919	877
Net gain on sale of securities	-	-	139	-
Increase in cash surrender value of life insurance	105	95	304	277
Other noninterest income	521	405	1,960	1,240
Total noninterest income	1,802	1,615	5,822	4,758
Noninterest expense:				
Salaries and employee benefits	3,372	3,244	10,122	9,628
Occupancy and facilities	510	499	1,702	1,589
Loss (gain) on foreclosed assets	4	(7)	11	(17)
Data processing and other office operations	654	649	1,877	1,909
Advertising and promotion	107	98	327	257
FDIC insurance premiums	-	63	122	186
Other noninterest expenses	790	827	3,188	2,332
Total noninterest expense	5,437	5,373	17,349	15,884
Income before provision for income taxes	4,159	3,490	11,087	10,155
Provision for income taxes	1,028	829	2,653	2,372
Net income	\$ 3,131	\$ 2,661	\$ 8,434	\$ 7,783
Basic earnings per share	\$ 0.70	\$ 0.59	\$ 1.88	\$ 1.73
Diluted earnings per share	\$ 0.70	\$ 0.59	\$ 1.88	\$ 1.73

PSB Holdings, Inc.
Consolidated Statements of Comprehensive Income

(dollars in thousands - unaudited)	Three Months Ended		Nine Months Ended	
	September 30, 2019	2018	September 30, 2019	2018
Net income	\$ 3,131	\$ 2,661	\$ 8,434	\$ 7,783
Other comprehensive income, net of tax:				
Unrealized gain (loss) on securities available for sale	599	(639)	3,109	(1,919)
Reclassification adjustment for security gain included in net income	-	-	(101)	-
Amortization of unrealized gain included in net income on securities available for sale transferred to securities held to maturity	(2)	(8)	(8)	(33)
Unrealized loss on interest rate swap	(46)	48	(264)	(11)
Reclassification adjustment of interest rate swap settlements included in earnings	9	9	18	11
Other comprehensive income (loss)	560	(590)	2,754	(1,952)
Comprehensive income	\$ 3,691	\$ 2,071	\$ 11,188	\$ 5,831

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

(dollars in thousands, except per share data)	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018
Assets					
Cash and due from banks	\$ 17,954	\$ 11,825	\$ 8,917	\$ 18,923	\$ 15,348
Interest-bearing deposits	1,059	2,306	349	501	930
Federal funds sold	30,415	4,552	12,989	24,554	14,246
Cash and cash equivalents	49,428	18,683	22,255	43,978	30,524
Securities available for sale (at fair value)	127,587	123,586	127,368	113,821	114,997
Securities held to maturity (fair values of \$41,311, \$42,511, \$43,338, \$57,607 and \$59,341 respectively)	40,791	42,074	43,061	58,311	60,421
Bank certificates of deposit (at cost)	1,984	1,984	2,976	2,976	2,976
Loans held for sale	335	50	245	358	-
Loans receivable, net	691,289	678,247	660,756	658,481	636,712
Accrued interest receivable	2,803	2,844	2,826	2,777	2,709
Foreclosed assets	572	172	113	113	483
Premises and equipment, net	10,212	9,749	10,426	10,209	10,339
Mortgage servicing rights, net	1,720	1,738	1,781	1,805	1,805
Federal Home Loan Bank stock (at cost)	2,173	1,662	1,657	2,330	2,011
Cash surrender value of bank-owned life insurance	16,668	16,564	16,463	16,365	15,407
Other assets	4,101	3,961	3,836	4,474	4,893
TOTAL ASSETS	\$ 949,663	\$ 901,314	\$ 893,763	\$ 915,998	\$ 883,277
Liabilities					
Non-interest-bearing deposits	\$ 159,897	\$ 143,423	\$ 138,124	\$ 148,611	\$ 151,484

Interest-bearing deposits	576,288	571,794	577,263	577,215	565,799
Total deposits	736,185	715,217	715,387	725,826	717,283
Federal Home Loan Bank advances	85,496	59,915	51,165	81,071	64,660
Other borrowings	17,411	19,179	22,870	8,379	4,864
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	9,715	9,668	9,047	9,650	8,144
Total liabilities	859,039	814,211	808,701	835,158	805,183
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 - 4,471,216, 4,480,585, 4,495,110, 4,487,895 and 4,488,720 shares, respectively	1,830	1,830	1,830	1,830	1,830
Additional paid-in capital	7,543	7,490	7,497	7,430	7,384
Retained earnings	93,117	89,986	88,314	85,583	83,861
Accumulated other comprehensive income (loss), net of tax	1,103	543	(227)	(1,651)	(2,649)
Treasury stock, at cost - 1,019,582, 1,010,213, 995,688, 1,002,903 and 1,002,078 shares, respectively	(12,969)	(12,746)	(12,352)	(12,352)	(12,332)
Total stockholders' equity	90,624	87,103	85,062	80,840	78,094
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 949,663	\$ 901,314	\$ 893,763	\$ 915,998	\$ 883,277

PSB Holding, Inc.
Loan Composition by Purpose
Quarter-ended (dollars in thousands)

	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018
Total Loans							
Residential real estate							
One to four family	119,620	117,093	116,393	117,970	120,130	119,736	120,542
HELOC loans	22,855	22,158	23,631	24,746	25,880	25,529	24,730
Residential construction & development	21,273	20,937	18,893	16,413	13,483	12,464	12,174
Residential vacant land	4,299	4,680	5,052	5,370	5,507	7,017	6,451
Total Residential real estate	168,047	164,868	163,969	164,499	165,000	164,746	163,897
Commercial/Agricultural real estate							
Owner occupied							
Commercial real estate	158,423	149,507	147,435	145,480	141,043	136,248	135,170
SBA commercial real estate	1,367	1,386	1,741	1,769	1,888	1,560	1,863
Agriculture real estate	5,139	5,764	5,078	4,968	4,895	4,547	4,392
Construction and land development	12,742	7,832	6,523	350	-	-	-
Total Owner occupied	177,671	164,489	160,777	152,567	147,826	142,355	141,425
Non-owner occupied							
Commercial real estate	179,136	168,809	161,647	147,246	134,860	135,162	137,939
SBA commercial real estate	863	141	146	151	156	160	161
Agricultural real estate	0	0	0	315	321	331	338
Construction and land development	13,301	22,159	22,014	35,288	32,481	31,377	26,014
Commercial vacant land	14,532	14,702	15,404	13,800	14,414	11,535	10,809
Total Non-owner occupied	207,832	205,811	199,211	196,800	182,232	178,565	175,261
Commercial/Agricultural non-real estate							
Municipal non-real estate	6,384	9,017	6,353	6,806	6,661	8,532	6,037
Commercial line	62,991	65,252	58,117	68,300	62,357	64,652	51,684
Other commercial non-real estate	64,418	65,500	69,073	65,829	68,446	69,474	65,845
SBA commercial non-real estate	1,819	2,252	2,169	2,278	2,557	2,785	2,893
Agricultural non-real estate	3,606	3,491	3,699	3,994	4,366	3,396	3,095
Total Commercial/Agricultural non-real estate	139,218	145,512	139,411	147,207	144,387	148,839	129,554
Consumer non-real estate							
Consumer installment	3,319	3,093	2,793	2,755	2,629	2,415	2,183

Consumer line	1,343	304	344	243	216	220	250
Other consumer	197	195	190	218	212	199	204
Total Consumer non-real estate	4,859	3,592	3,327	3,216	3,057	2,834	2,637
Gross loans	697,627	684,272	666,695	664,289	642,502	637,339	612,774
Net deferred loan costs	295	300	272	213	212	237	211
Overdrafts	168	339	296	211	278	217	166
Allowance for loan losses	(6,801)	(6,664)	(6,507)	(6,232)	(6,280)	(6,173)	(6,387)
Total loans receivable	691,289	678,247	660,756	658,481	636,712	631,620	606,764

PSB Holdings, Inc.
Deposit Composition

(dollars in thousands)	2019		September 30, 2018		December 31, 2018			
	\$	%	\$	%	\$	%		
Non-interest bearing demand	\$ 159,897	21.70	% \$ 151,484	21.10	% \$ 148,611	20.50	%	
Interest-bearing demand and savings	242,713	33.00	% 246,811	34.40	% 254,857	35.10	%	
Money market deposits	170,403	23.10	% 132,887	18.50	% 145,300	20.00	%	
Retail and local time deposits <= \$250	103,074	14.00	% 98,101	13.70	% 99,584	13.80	%	
Total core deposits	676,087	91.80	% 629,283	87.70	% 648,352	89.40	%	
Retail and local time deposits > \$250	24,549	3.30	% 21,194	3.00	% 22,131	3.00	%	
Broker & national time deposits <= \$250	4,960	0.70	% 3,225	0.40	% 2,483	0.30	%	
Broker & national time deposits > \$250	30,589	4.20	% 63,581	8.90	% 52,860	7.30	%	
Totals	\$ 736,185	100.00	% \$ 717,283	100.0	% \$ 725,826	100.0	%	

Nonperforming Assets as of: (dollars in thousands)	September 2019	2018	December 31, 2018		
Nonaccrual loans (excluding restructured loans)	\$ 3,609	\$ 3,024	\$ 3,422		
Nonaccrual restructured loans	510	325	313		
Restructured loans not on nonaccrual	747	2,054	2,284		
Accruing loans past due 90 days or more	-	-	-		
Total nonperforming loans	4,866	5,403	6,019		
Other real estate owned	572	483	113		
Total nonperforming assets	\$ 5,438	\$ 5,886	\$ 6,132		
Nonperforming loans as a % of gross loans receivable	0.70	% 0.84	% 0.91	%	
Total nonperforming assets as a % of total assets	0.57	% 0.67	% 0.67	%	
Allowance for loan losses as a % of nonperforming loans	139.77	% 116.23	% 103.54	%	

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

	Quarter ended September 30, 2019			Quarter ended September 30, 2018			
	Average Balance	Interest	Yield / Rate	Average Balance	Interest	Yield / Rate	
Assets							
Interest-earning assets:							
Loans (1)(2)	\$ 695,776	\$ 8,838	5.04 %	\$ 640,656	\$ 7,828	4.85 %	
Taxable securities	107,801	769	2.83 %	111,937	732	2.59 %	
Tax-exempt securities (2)	59,537	478	3.19 %	64,535	499	3.07 %	
FHLB stock	1,970	20	4.03 %	2,260	20	3.51 %	
Other	22,493	108	1.90 %	21,145	103	1.93 %	
Total (2)	887,577	10,213	4.57 %	840,533	9,182	4.33 %	
Non-interest-earning assets:							
Cash and due from banks	12,113			11,702			
Premises and equipment, net	10,136			10,461			
Cash surrender value ins	16,606			15,351			
Other assets	8,569			9,658			
Allowance for loan losses	(6,719))		(6,187))		
Total	\$ 928,282			\$ 881,518			
Liabilities & stockholders' equity							
Interest-bearing liabilities:							
Savings and demand deposits	\$ 239,490	\$ 495	0.82 %	\$ 246,596	\$ 393	0.63 %	
Money market deposits	164,801	329	0.79 %	133,873	186	0.55 %	
Time deposits	164,899	830	2.00 %	186,146	745	1.59 %	
FHLB borrowings	75,325	323	1.70 %	74,045	359	1.92 %	
Other borrowings	22,079	58	1.04 %	2,020	1	0.20 %	
Senior sub. notes	2,500	28	4.44 %	2,500	28	4.44 %	
Junior sub. debentures	7,732	91	4.67 %	7,732	93	4.77 %	
Total	676,826	2,154	1.26 %	652,912	1,805	1.10 %	
Non-interest-bearing liabilities:							
Demand deposits	152,598			141,906			
Other liabilities	9,719			9,310			
Stockholders' equity	89,139			77,390			
Total	\$ 928,282			\$ 881,518			
Net interest income		\$ 8,059			\$ 7,377		
Rate spread			3.31 %			3.23 %	
Net yield on interest-earning assets			3.60 %			3.48 %	

(1) Nonaccrual loans are included in the daily average loan balances outstanding.

(2) The yield on tax-exempt loans and securities is computed on a tax-equivalent basis using a federal tax rate of 21%.

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

	Nine months ended September 30, 2019			Nine months ended September 30, 2018		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate

Assets								
Interest-earning assets:								
Loans (1)(2)	\$ 677,846	\$ 25,824	5.09	%	\$ 627,026	\$ 22,401	4.78	%
Taxable securities	106,559	2,212	2.78	%	110,104	2,085	2.53	%
Tax-exempt securities (2)	62,146	1,472	3.17	%	60,601	1,384	3.05	%
FHLB stock	1,859	79	5.68	%	2,003	61	4.07	%
Other	18,660	301	2.16	%	17,591	221	1.68	%
Total (2)	867,070	29,888	4.61	%	817,325	26,152	4.28	%
Non-interest-earning assets:								
Cash and due from banks	11,428				10,666			
Premises and equipment, net	10,313				10,522			
Cash surrender value ins	16,506				15,260			
Other assets	8,705				9,260			
Allowance for loan losses	(6,517))			(6,288))		
Total	\$ 907,505				\$ 856,745			
Liabilities & stockholders' equity								
Interest-bearing liabilities:								
Savings and demand deposits	\$ 244,189	\$ 1,384	0.76	%	\$ 241,562	\$ 950	0.53	%
Money market deposits	157,800	1,020	0.86	%	136,967	490	0.48	%
Time deposits	170,611	2,437	1.91	%	179,863	1,940	1.44	%
FHLB borrowings	63,597	862	1.81	%	60,448	770	1.70	%
Other borrowings	21,398	166	1.04	%	3,757	6	0.21	%
Senior sub. notes	2,500	84	4.49	%	2,500	83	4.44	%
Junior sub. debentures	7,732	274	4.74	%	7,732	234	4.05	%
Total	667,827	6,227	1.25	%	632,829	4,473	0.95	%
Non-interest-bearing liabilities:								
Demand deposits	143,990				139,167			
Other liabilities	9,573				8,821			
Stockholders' equity	86,115				75,928			
Total	\$ 907,505				\$ 856,745			
Net interest income								
Rate spread		\$ 23,661				\$ 21,679		
Net yield on interest-earning assets			3.36	%			3.33	%
			3.65	%			3.55	%

(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.