

<b>Subject:</b> Code of Compliance and Reporting Requirements for Senior Management and Senior Financial Officers	<b>Section:</b> Policies, CFO (Scott Cattanach)
<b>Date Board Reaffirmed:</b> April 18, 2018	<b>Date Last Revised:</b> February 14, 2017

(There are no separate written procedures for this policy.)

**PSB HOLDINGS, INC.  
CODE OF COMPLIANCE AND REPORTING REQUIREMENTS  
FOR  
SENIOR MANAGEMENT AND SENIOR FINANCIAL OFFICERS**

This Code of Compliance sets certain standards for PSB Holdings, Inc.’s (“PSB”) president and chief executive officer (the “CEO”), as well as all senior financial officers of PSB and Peoples State Bank, to help ensure that PSB is properly fulfilling its responsibilities. For purposes of this Code of Compliance, the term “senior financial officers” means any Bank Senior Vice President, the Chief Financial Officer, and PSB’s Treasurer and Secretary, and Controller.

**Compliance with The Bank’s Code of Ethics Policy**

PSB has adopted a separate Code of Ethics Policy that is applicable to all of its directors, officers, and employees. The CEO and all senior financial officers of PSB shall abide by all provisions of PSB’s Code of Ethics Policy.

**Honest and Ethical Conduct**

The CEO and all senior financial officers of PSB must act honestly and ethically in all situations and avoid conduct that could bring public embarrassment to PSB. The CEO and all senior financial officers of PSB must comply with all laws and regulations applicable to PSB and should never take unfair advantage of any person or entity through manipulation, concealment, use of privileged or confidential information, misrepresentation of material facts, or any other unfair dealing or practice.

**Avoidance of Conflicts of Interest**

The CEO and all senior financial officers of PSB must avoid any conduct that may make it difficult to perform his or her work for PSB objectively and effectively. In particular, the CEO and all senior financial officers of PSB should avoid situations in which his or her private interest interferes or appears to interfere with the interests of PSB. The CEO and all senior financial officers of PSB are not permitted to use or share any non-public information about PSB for stock trading purposes or any purpose other than proper conduct of PSB’s business. Using non-public information for personal financial benefit or to “tip” others who might make an investment decision on the basis of that information is not only unethical but also illegal, and PSB strictly prohibits such conduct.

The CEO and all senior financial officers of PSB should also avoid engaging in paid employment outside of PSB, and they should refrain from any outside activity (whether paid or unpaid) that conflicts with their duties at PSB. Employment at or consulting arrangements with another bank, insurance company, securities firm, or financial institution are strictly prohibited.

## **Financial Reporting and Other Communications**

The CEO and each senior financial officer of PSB shall promptly bring to the attention of the Audit Committee any information he or she may have concerning (a) significant deficiencies in the design or operation of internal controls which could adversely affect PSB's ability to record, process, summarize, and report financial data, or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in PSB's financial reporting, disclosures, or internal controls.

All of PSB's books, records, accounts, and financial statements must be maintained in reasonable detail, appropriately reflect PSB's transactions, and conform both to applicable legal requirements and PSB's system of internal controls. Unrecorded or "off-the-books" funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public. Accordingly, in all communications, whether internal or external, the CEO and all senior financial officers of PSB should avoid exaggeration, derogatory remarks, guesswork, and inappropriate characterizations of people or companies. PSB records should be retained or destroyed according to PSB's record retention policies, and in the event of litigation or governmental investigation, PSB's legal counsel should be consulted.

## **Reporting of Violations**

The CEO and all senior financial officers of PSB must promptly report to the Audit Committee of PSB's Board of Directors any information he or she may have concerning any violation of this Code of Compliance or PSB's Code of Ethics Policy, including any actual or apparent conflicts of interest between personal and professional relationships, involving any management or other employee who has a significant role in PSB's financial reporting, disclosures, or internal controls.

In addition, any information he or she may have concerning evidence of a material violation of any applicable securities laws or other laws, rules, or regulations applicable to PSB and the operation of its business, including any misleading or otherwise inappropriate accounting practices and any material misstatement in or omission from PSB's financial statements, must be reported to the Audit Committee.

## **Violations of this Code of Compliance**

Those who violate the provisions of this Code of Compliance will be subject to disciplinary action up to and including discharge. They may also face civil and criminal liability in actions brought by PSB, its shareholders, and government authorities.