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PSB Holdings, Inc.

Stock Symbol: PSBQ | Real-Time Quotes: www.OTCmarkets.com

FOR IMMEDIATE RELEASE

PSB announces June 2018 quarterly earnings of \$1.85 per share on net income of \$2.8 million.

Wausau, WI – July 23, 2018 – PSB Holdings, Inc. (OTCPK: PSBQ) reported June 2018 quarterly earnings of \$1.85 per share on net income of \$2.8 million compared to earnings of \$1.42 per share on net income of \$2.2 million during the June 2017 quarter, a 30.3% increase in earnings per share. Quarterly earnings growth year-over-year was a result of increased net interest income from rising loan yields and higher average loans receivable, in addition to lower expense from a reduction in federal tax rates.

Scott M. Cattanach, President & CEO of PSB Holdings, Inc. stated, “We are delighted to report another excellent quarter that was built on rising interest rates and solid loan growth. The increase in asset yields combined with balance sheet growth resulted in record quarterly earnings per share. To continue loan growth and expansion of our core markets, we recently opened a new loan production office in Stevens Point, Wisconsin. In addition, our continued earnings growth allowed us to announce a 10.4% increase in our semi-annual cash dividend, to \$0.53 per share.”

Cattanach also commented, “Our financial success from commitment to great customer service resulted in PSB again being recognized as one of *American Banker Magazine’s* Top 200 Community Banks for the ninth consecutive year based on consistently above average return on shareholder equity. In addition to consistently high return on equity and the increased cash dividend, we are also focused on increasing value for shareholders by announcing a 3-for-1 stock split, payable July 31, 2018, expected to lower the cost to purchase small ownership positions as we seek to increase shareholder liquidity.”

Financial Highlights:

- ❖ Total assets were \$881.9 million as of June 30, 2018, up \$35.1 million, or 4.1%, compared to June 30, 2017, driven by net loan growth of \$30.9 million led by both commercial industrial and commercial real estate loans.
- ❖ The allowance for loan losses was 0.97% of total loans at June 30, 2018, compared to 1.04% at June 30, 2017 and 1.04% at March 31, 2018. The decrease in the ratio for the current quarter compared to a year ago was due to the increase in loans mentioned above and a reduction of \$114,000 in reserves, from net loan charge-offs. Nonperforming loans were \$5.2 million or 0.81% of total loans as of June 30, 2018, down from \$10.5 million or 1.72% a year earlier.
- ❖ Deposit balances have increased \$14.4 million or 2.1% since June 30, 2017 as core deposits grew \$14.1 million, brokered and national time deposits were \$1.9 million higher and retail time deposits greater than \$250,000 decreased \$1.6 million.
- ❖ Return on assets was 1.31% for the quarter ended June 30, 2018 compared to 1.05% for the quarter ended June 30, 2017. For the same quarterly periods ended, return on shareholders’ equity was 14.57% and 11.91%, respectively.
- ❖ Tangible net book value was \$50.70 per share at June 30, 2018, up 6.0% from \$47.84 per share as of June 30, 2017.

PSB announces June 2018 quarterly earnings of \$1.85 per share on net income of \$2.8 million.**Balance Sheet Highlights**

Total assets were \$881.9 million as of June 30, 2018 compared to \$847.7 million as of December 31, 2017, an increase of \$34.2 million. During the six-month period, net loans receivable increased \$21.5 million or 3.5%, which included \$22.8 million of growth in commercial related loans including of \$16.1 million of growth in line of credit usage. Securities available for sale and held to maturity increased \$8.1 million, or 4.8%, and all other assets increased \$4.6 million. Core deposits declined for the six-month period due to seasonally high commercial short-term deposit activity during the quarter ended December 31, 2017, with such excess funds withdrawn in the first quarter of 2018. Wholesale funding (including brokered certificates of deposit, Federal Home Loan Bank advances, and wholesale repurchase agreements) was \$141.5 million (16.0% of total assets) at June 30, 2018, compared to \$103.3 million (12.2% of total assets) at December 31, 2017, up \$38.2 million.

Asset Quality, Credit Costs, and Allowance for Loan Loss Highlights

Total nonperforming assets as of June 30, 2018 decreased \$4.8 million to \$5.9 million from \$10.7 million as of December 31, 2017. The decrease in the six-month period includes the payoff of a restructured municipal tax incremental financing loan of \$2.0 million discussed in previous earnings releases. General portfolio credit quality remains strong and large problem credits are well secured with reasonable specific reserves for loss. Total nonperforming assets at June 30, 2018 were 0.67% of total assets compared to 1.27% of total assets at December 31, 2017.

Nonperforming assets are shown in the following table:

Nonperforming Assets as of: (dollars in thousands)	June 30,		December 31,
	2018	2017	2017
Nonaccrual loans (excluding restructured loans)	\$ 2,856	\$ 2,792	\$ 3,581
Nonaccrual restructured loans	327	1,135	969
Restructured loans not on nonaccrual	1,998	6,534	5,943
Accruing loans past due 90 days or more	-	-	-
Total nonperforming loans	5,181	10,461	10,493
Foreclosed assets	736	373	250
Total nonperforming assets	\$ 5,917	\$ 10,834	\$ 10,743
Nonperforming loans as a % of gross loans receivable	0.81%	1.72%	1.70%
Total nonperforming assets as a % of total assets	0.67%	1.28%	1.27%
Allowance for loan losses as a % of nonperforming loans	119.15%	60.10%	60.97%

Nonperforming assets aggregating to \$500,000 or more, measured by gross principal outstanding per credit relationship, included two relationships at June 30, 2018 and three relationships at March 31, 2018 totaling \$2.2 million and \$3.2 million, respectively. Specific reserves maintained on these large problem loans were \$77,000 at June 30, 2018 and \$79,000 at March 31, 2018.

Peoples State Bank recorded a total provision for loan losses of \$30,000 during the June 2018 quarter compared to a provision of \$105,000 during the June 2017 quarter and \$30,000 during the March 2018 quarter. As of June 30, 2018, the allowance for loan losses was \$6,173,000, or 0.97% of total loans (119% of nonperforming loans), compared to \$6,398,000, or 1.04% of total loans (61% of nonperforming loans) at December 31, 2017.

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Capital and Liquidity Highlights

During the six-months ended June 30, 2018, stockholders' equity increased \$2,266,000, from \$5,122,000 of net income and \$111,000 of other capital adjustments, decreased by other comprehensive net loss of \$1,362,000, \$795,000 of dividends declared and \$810,000 used for treasury stock buybacks. Other comprehensive net loss of \$1,362,000 resulted from a decrease in fair value of securities available for sale from an increase in market rate changes during the June 2018 period. Changes in unrealized fair value gains and losses on securities available for sale are not reflected in net income, but recorded as changes to stockholders' equity, net of tax impacts, and categorized as other comprehensive income (loss).

Supporting stock liquidity for shareholders, as needed, is a priority for PSB and as such we regularly repurchase our shares directly from shareholders holding shares in certificate form and on the open market at prevailing prices as opportunities arise. PSB expects to repurchase fewer shares going forward due to decreasing shareholder requests for repurchase and an increased market price relative to book value per share. Mark Oldenberg, CFO of PSB Holdings, Inc., explained, "Our pursuit of growth opportunities through acquisition and branching may require us to hold additional capital restricting our ability to increase the dividend or repurchase additional shares." During the quarter-ended June 30, 2018, PSB repurchased 455 shares of its common stock at an average cost of \$68.00 per share, compared to repurchases during the previous quarter-ended March 31, 2018 of 11,197 shares at an average cost of \$69.59 per share.

Tangible net book value increased to \$50.70 per share at June 30, 2018, compared to \$48.85 per share at December 31, 2017, an increase of 3.8%. PSB's stockholders' equity decreased to 8.62% of total assets at June 30, 2018 compared to 8.70% of assets at December 31, 2017 due to the increased loss in accumulated other comprehensive income, dividends declared and an increase in total assets. For regulatory purposes, the \$7.73 million junior subordinated debentures maturing September 2035, reflected as debt on the Consolidated Balance Sheet, are reclassified as Tier 1 regulatory equity capital at the bank level. PSB's subsidiary, Peoples State Bank, was considered "well capitalized" under regulatory rules at June 30, 2018, the strongest capital designation under applicable banking regulations.

Net Interest Income and Margin Highlights

Tax adjusted net interest income totaled \$7.3 million (on a net margin of 3.67%) during the June 2018 quarter, which included interest recoveries of \$205,000 (adjusted net margin of 3.57%), compared to \$6.8 million (on net margin of 3.54%) during the June 2017 quarter and \$6.8 million (on net margin of 3.49%) in the March 2018 quarter. Net interest income growth year-over-year was due mainly to a higher average loan yield which equaled 4.87% for the June 2018 quarter, compared to 4.50% for June 2017, and average loan growth of \$15.8 million.

The cost of interest-bearing liabilities has increased in recent quarters, equaling 0.91% for the June 2018 quarter, 0.82% in the March 2018 quarter, and 0.70% in the June 2017 quarter. Peoples State Bank has been implementing interest rate increases related to its core deposit products and will continue to do so as market competition dictates. Recent and expected future increases to the discount rate by the Federal Reserve will likely increase funding costs further, including our lower interest rate core deposits. In future periods, net interest margin could decline if funding costs were to increase faster than our loan and security yields. Short-term rates could pressure net interest margin lower during 2018 and in 2019 as the yield curve flattens or inverts, whereby increased net interest income for the remainder of the year is likely to depend on continued balance sheet growth and growth of our core deposit base, which is lower cost than wholesale funding.

Noninterest and Fee Income Highlights

Total noninterest income for the quarter ended June 30, 2018 was \$1.6 million compared to \$1.6 million during the March 2018 quarter, and \$1.7 million during the quarter ended June 2017. The decrease from last year of \$0.1 million, or 6.7% was from a decline of \$0.1 million in residential mortgage banking income. All other noninterest income was flat period over period.

Total noninterest income for the six-months ended June 30, 2018 was \$3.1 million compared to \$3.1 million during the six-months ended June 30, 2017. Mortgage banking revenue was \$48,000 higher than last year

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(up 6.6%) related to loan servicing activities and a \$25,000 increase in investment sales commissions (up 4.5%) while all other noninterest income increased \$17,000 (up 1.0%).

Operating Expense Highlights

Noninterest expense totaled \$5.2 million during the June 2018 quarter compared to \$5.4 million during the March 2018 quarter and \$5.1 million for the June 2017 quarter. June 2018 quarterly noninterest expense increased \$100,000, or 2.0% from a year ago, with the largest increase from salaries and employee benefits (\$92,000 higher) and secondarily from higher occupancy and facilities costs of \$54,000 and higher data processing and office operations expense, which increased \$21,000.

Noninterest expense totaled \$10.5 million during the six months ended June 30, 2018 compared to \$10.1 million during the equivalent 2017 period, up \$0.4 million, or 3.9%. The increased cost was led by salaries and employee benefit expense, up \$371,000, or 6.2%, and occupancy expense which increased \$87,000, or 8.7%. All other operating expenses decreased \$62,000, down 2.0%, compared to the prior year six-month period.

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 OTC Markets Exchange. 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.

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Quarterly Financial Summary**

(dollars in thousands, except per share data)

	Quarter ended				
	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017
Earnings and dividends:					
Interest income	\$ 8,685	\$ 8,076	\$ 8,247	\$ 7,932	\$ 7,852
Interest expense	\$ 1,406	\$ 1,262	\$ 1,151	\$ 1,172	\$ 1,081
Net interest income	\$ 7,279	\$ 6,814	\$ 7,096	\$ 6,760	\$ 6,771
Provision for loan losses	\$ 30	\$ 30	\$ 105	\$ 105	\$ 105
Other noninterest income	\$ 1,553	\$ 1,590	\$ 1,533	\$ 1,521	\$ 1,664
Other noninterest expense	\$ 5,145	\$ 5,366	\$ 5,302	\$ 4,929	\$ 5,049
Net income	\$ 2,767	\$ 2,355	\$ 946	\$ 2,109	\$ 2,162
Basic earnings per share (3)	\$ 1.85	\$ 1.57	\$ 0.63	\$ 1.39	\$ 1.42
Diluted earnings per share (3)	\$ 1.85	\$ 1.57	\$ 0.63	\$ 1.39	\$ 1.42
Dividends declared per share (3)	\$ 0.53	\$ -	\$ 0.48	\$ -	\$ 0.48
Tangible net book value per share (4)	\$ 50.70	\$ 49.62	\$ 48.85	\$ 49.17	\$ 47.84
Semi-annual dividend payout ratio	15.49%	n/a	23.68%	n/a	17.70%
Average common shares outstanding	1,497,353	1,505,128	1,511,027	1,519,416	1,521,055
Balance sheet - average balances:					
Loans receivable, net of allowances for loss	\$ 619,251	\$ 608,203	\$ 602,117	\$ 601,008	\$ 603,540
Assets	\$ 845,816	\$ 841,863	\$ 832,201	\$ 839,765	\$ 828,256
Deposits	\$ 691,706	\$ 691,799	\$ 675,358	\$ 684,855	\$ 674,585
Stockholders' equity	\$ 76,150	\$ 74,026	\$ 75,309	\$ 74,235	\$ 72,795
Performance ratios:					
Return on average assets (1)	1.31%	1.13%	0.45%	1.00%	1.05%
Return on average stockholders' equity (1)	14.57%	12.90%	4.98%	11.27%	11.91%
Average stockholders' equity less accumulated other comprehensive income (loss) to average assets	9.21%	8.92%	9.09%	8.84%	8.80%
Net loan charge-offs to average loans (1)	0.16%	0.03%	0.05%	0.01%	-0.01%
Nonperforming loans to gross loans	0.81%	1.05%	1.70%	1.79%	1.72%
Allowance for loan losses to gross loans	0.97%	1.04%	1.04%	1.03%	1.04%
Nonperforming assets to tangible equity plus the allowance for loan losses (4)	7.37%	8.47%	13.74%	14.45%	14.04%
Net interest rate margin (1)(2)	3.67%	3.49%	3.68%	3.43%	3.54%
Net interest rate spread (1)(2)	3.46%	3.31%	3.50%	3.25%	3.39%
Service fee revenue as a percent of average demand deposits (1)	1.13%	1.15%	1.11%	1.15%	1.19%
Noninterest income as a percent of gross revenue	15.17%	16.45%	15.67%	16.09%	17.49%
Efficiency ratio (2)	57.56%	63.08%	59.65%	58.46%	58.41%
Noninterest expenses to average assets (1)	2.44%	2.59%	2.53%	2.33%	2.45%
Stock price information:					
High	\$ 74.00	\$ 71.00	\$ 69.95	\$ 69.95	\$ 66.75
Low	\$ 69.25	\$ 68.75	\$ 68.30	\$ 66.75	\$ 61.80
Last trade value at quarter-end	\$ 74.00	\$ 70.75	\$ 69.50	\$ 69.95	\$ 66.75

(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 and any preferred stock capital elements.

PSB announces June 2018 quarterly earnings of \$1.85 per share on net income of \$2.8 million.**PSB Holdings, Inc.****Consolidated Statements of Income**

(dollars in thousands, except per share data - unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Interest and dividend income:				
Loans, including fees	\$ 7,579	\$ 6,811	\$ 14,550	\$ 13,339
Securities:				
Taxable	677	656	1,353	1,299
Tax-exempt	364	336	699	686
Other interest and dividends	65	49	159	91
Total interest and dividend income	8,685	7,852	16,761	15,415
Interest expense:				
Deposits	1,078	730	2,056	1,425
FHLB advances	221	184	411	334
Other borrowings	3	58	5	119
Senior subordinated notes	29	24	55	47
Junior subordinated debentures	75	85	141	170
Total interest expense	1,406	1,081	2,668	2,095
Net interest income	7,279	6,771	14,093	13,320
Provision for loan losses	30	105	60	175
Net interest income after provision for loan losses	7,249	6,666	14,033	13,145
Noninterest income:				
Service fees	389	386	777	775
Mortgage banking income	389	501	771	723
Investment and insurance sales commissions	274	298	578	553
Net gain on sale of securities	-	4	-	4
Increase in cash surrender value of life insurance	93	97	182	193
Other noninterest income	408	378	835	805
Total noninterest income	1,553	1,664	3,143	3,053
Noninterest expense:				
Salaries and employee benefits	3,101	3,009	6,384	6,013
Occupancy and facilities	534	480	1,090	1,003
Loss (gain) on foreclosed assets	(18)	20	(10)	39
Data processing and other office operations	625	604	1,260	1,209
Advertising and promotion	74	97	159	190
FDIC insurance premiums	65	65	123	143
Other noninterest expenses	764	774	1,505	1,518
Total noninterest expense	5,145	5,049	10,511	10,115
Income before provision for income taxes	3,657	3,281	6,665	6,083
Provision for income taxes	890	1,119	1,543	1,951
Net income	\$ 2,767	\$ 2,162	\$ 5,122	\$ 4,132
Basic earnings per share	\$ 1.85	\$ 1.42	\$ 3.41	\$ 2.71
Diluted earnings per share	\$ 1.85	\$ 1.42	\$ 3.41	\$ 2.71

PSB announces June 2018 quarterly earnings of \$1.85 per share on net income of \$2.8 million.**PSB Holdings, Inc.****Consolidated Statements of Comprehensive Income**

(dollars in thousands - unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	\$ 2,767	\$ 2,162	\$ 5,122	\$ 4,132
Other comprehensive income, net of tax:				
Unrealized gain (loss) on securities available for sale	(232)	329	(1,280)	780
Reclassification adjustment for security gain included in net income	-	(2)	-	(2)
Amortization of unrealized gain included in net income on securities available for sale transferred to securities held to maturity	(10)	(19)	(25)	(38)
Unrealized gain (loss) on interest rate swap	(60)	1	(59)	3
Reclassification adjustment of interest rate swap settlements included in earnings	2	18	2	38
Other comprehensive income (loss)	(300)	327	(1,362)	781
Comprehensive income	\$ 2,467	\$ 2,489	\$ 3,760	\$ 4,913

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June 30, 2018 and June 30, 2017 unaudited, December 31, 2017 derived from audited financial statements

(dollars in thousands, except per share data)	June 30, 2018	December 31, 2017	June 30, 2017
Assets			
Cash and due from banks	\$ 11,876	\$ 17,241	\$ 21,614
Interest-bearing deposits	453	479	1,033
Federal funds sold	19,493	10,387	17,870
Cash and cash equivalents	31,822	28,107	40,517
Securities available for sale (at fair value)	114,939	101,527	98,886
Securities held to maturity (fair value of \$61,487 and \$67,768 and \$67,623 respectively)	62,299	67,573	66,784
Bank certificates of deposit (at cost)	2,976	4,712	3,472
Loans held for sale	405	-	424
Loans receivable, net	631,620	610,076	600,694
Accrued interest receivable	2,544	2,279	2,159
Foreclosed assets	736	250	373
Premises and equipment, net	10,524	10,453	10,574
Mortgage servicing rights, net	1,817	1,838	1,870
Federal Home Loan Bank stock (at cost)	2,297	1,700	1,765
Cash surrender value of bank-owned life insurance	15,312	15,130	14,491
Other assets	4,655	4,036	4,824
TOTAL ASSETS	\$ 881,946	\$ 847,681	\$ 846,833
Liabilities			
Non-interest-bearing deposits	\$ 138,079	\$ 151,858	\$ 148,368
Interest-bearing deposits	571,512	550,445	546,762
Total deposits	709,591	702,303	695,130
Federal Home Loan Bank advances	71,523	49,448	52,702
Other borrowings	1,140	2,636	7,837
Senior subordinated notes	2,500	2,500	2,500
Junior subordinated debentures	7,732	7,732	7,732
Accrued expenses and other liabilities	13,412	9,280	8,012
Total liabilities	805,898	773,899	773,913
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 per share:			
Authorized - 6,000,000 shares; Issued - 1,830,266 shares			
Outstanding - 1,497,263 and 1,507,200 and 1,520,879 shares, respectively	1,830	1,830	1,830
Additional paid-in capital	7,339	7,350	7,258
Retained earnings	81,200	76,873	74,427
Accumulated other comprehensive income (loss), net of tax	(2,059)	(697)	40
Treasury stock, at cost - 333,003 and 323,066 and 309,387 shares, respectively	(12,262)	(11,574)	(10,635)
Total stockholders' equity	76,048	73,782	72,920
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 881,946	\$ 847,681	\$ 846,833

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(dollars in thousands)

	June 30,				December 31,	
	2018		2017		2017	
	\$	%	\$	%	\$	%
Non-interest bearing demand	\$ 138,079	19.5%	\$ 148,368	21.3%	\$ 151,858	21.6%
Interest-bearing demand and savings	245,734	34.6%	220,496	31.7%	239,784	34.1%
Money market deposits	138,807	19.6%	141,648	20.4%	140,846	20.1%
Retail and local time deposits <= \$250	98,066	13.8%	96,051	13.8%	95,853	13.7%
Total core deposits	620,686	87.5%	606,563	87.2%	628,341	89.5%
Retail and local time deposits > \$250	18,952	2.7%	20,512	3.0%	20,103	2.9%
Broker & national time deposits <= \$250	4,369	0.6%	7,340	1.1%	6,592	0.9%
Broker & national time deposits > \$250	65,584	9.2%	60,715	8.7%	47,267	6.7%
Totals	\$ 709,591	100.0%	\$ 695,130	100.0%	\$ 702,303	100.0%

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(dollars in thousands)

	Quarter ended June 30, 2018			Quarter ended June 30, 2017		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets						
Interest-earning assets:						
Loans (1)(2)	\$ 625,518	\$ 7,589	4.87%	\$ 609,762	\$ 6,847	4.50%
Taxable securities	107,976	677	2.51%	110,276	656	2.39%
Tax-exempt securities (2)	60,746	461	3.04%	56,162	509	3.64%
FHLB stock	1,875	18	3.85%	1,833	13	2.84%
Other	11,291	47	1.67%	12,105	36	1.19%
Total (2)	807,406	8,792	4.37%	790,138	8,061	4.09%
Non-interest-earning assets:						
Cash and due from banks	9,575			10,210		
Premises and equipment, net	10,568			10,619		
Cash surrender value ins	15,261			14,433		
Other assets	9,273			9,078		
Allowance for loan losses	(6,267)			(6,222)		
Total	\$ 845,816			\$ 828,256		
Liabilities & stockholders' equity						
Interest-bearing liabilities:						
Savings and demand deposits						
	\$ 237,466	\$ 289	0.49%	\$ 219,177	\$ 110	0.20%
Money market deposits	138,464	159	0.46%	141,665	79	0.22%
Time deposits	177,366	630	1.42%	183,535	541	1.18%
FHLB borrowings	54,748	221	1.62%	55,216	184	1.34%
Other borrowings	4,450	3	0.27%	7,778	58	2.99%
Senior sub. notes	2,500	29	4.65%	2,500	24	3.85%
Junior sub. debentures	7,732	75	3.89%	7,732	85	4.41%
Total	622,726	1,406	0.91%	617,603	1,081	0.70%
Non-interest-bearing liabilities:						
Demand deposits	138,410			130,208		
Other liabilities	8,530			7,650		
Stockholders' equity	76,150			72,795		
Total	\$ 845,816			\$ 828,256		
Net interest income		\$ 7,386			\$ 6,980	
Rate spread			3.46%			3.39%
Net yield on interest-earning assets			3.67%			3.54%

(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 announces June 2018 quarterly earnings of \$1.85 per share on net income of \$2.8 million.**PSB Holdings, Inc.****Average Balances (\$000) and Interest Rates****Six-Months ended June 30,**

(dollars in thousands)

	Six months ended June 30, 2018			Six months ended June 30, 2017		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets						
Interest-earning assets:						
Loans (1)(2)	\$ 620,098	\$ 14,573	4.74%	\$ 605,304	\$ 13,412	4.47%
Taxable securities	109,539	1,353	2.49%	109,012	1,299	2.40%
Tax-exempt securities	58,601	885	3.05%	56,861	1,039	3.68%
FHLB stock	1,873	41	4.41%	1,797	29	3.25%
Other	15,118	118	1.57%	11,008	62	1.14%
Total (2)	805,229	16,970	4.25%	783,982	15,841	4.07%
Non-interest-earning assets:						
Cash and due from b:	10,140			10,320		
Premises and equipment, net	10,554			10,600		
Cash surrender value	15,214			14,380		
Other assets	9,064			9,238		
Allowance for loan losses	(6,340)			(6,175)		
Total	\$ 843,861			\$ 822,345		
Liabilities & stockholders' equity						
Interest-bearing liabilities:						
Savings and demand deposits	\$ 239,003	\$ 557	0.47%	\$ 222,378	\$ 220	0.20%
Money market deposits	138,031	304	0.44%	141,456	157	0.22%
Time deposits	176,669	1,195	1.36%	179,743	1,048	1.18%
FHLB borrowings	53,536	411	1.55%	50,937	334	1.32%
Other borrowings	4,639	5	0.22%	9,942	119	2.41%
Senior sub. notes	2,500	55	4.44%	2,500	47	3.79%
Junior sub. debenture	7,732	141	3.68%	7,732	170	4.43%
Total	622,110	2,668	0.86%	614,688	2,095	0.69%
Non-interest-bearing liabilities:						
Demand deposits	137,777			128,048		
Other liabilities	8,731			7,992		
Stockholders' equity	75,243			71,617		
Total	\$ 843,861			\$ 822,345		
Net interest income	\$ 14,302			\$ 13,746		
Rate spread			3.39%			3.38%
Net yield on interest-earning assets			3.58%			3.54%

(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%.