shareholder webinar

November 18, 2020

PSB Holdings, Inc.



Presentation slides can be found at psbholdingsinc.com – Upcoming Events

PSB Holdings, Inc.
"PSBQ"

Today's Presenters



Scott M. Cattanach has served as President & Chief Executive Officer of PSB Holdings, Inc. ("PSB") and Peoples State Bank ("Bank") since 2018. Mr. Cattanach previously served as Chief Financial Officer of PSB and the Bank from 2002 through 2017. Mr. Cattanach joined Peoples after serving community banks for 11 years as a CPA with Wipfli LLP and has more than 28 years of experience leading banks to increased earnings with manageable and appropriate risks. He currently serves as Treasurer of the Greater Wausau Prosperity Partnership, an initiative of the Chamber of Commerce to promote economic develop in the Wausau, Wisconsin area. He currently serves as treasurer of the Greater Wausau Prosperity Partnership. His past volunteer experience includes as director with the Community Foundation of Northcentral Wisconsin, Christian Life Communications, Inc. (WCLQ Radio 89.5 FM), and the MC United Soccer Club.



Mark C. Oldenberg is Secretary and Treasurer of PSB Holdings, Inc. and Senior V.P. and Chief Financial Officer of Peoples State Bank. He has more than 25 years of leadership experience in community banking. He was Chief Financial Officer and Principal Accounting Officer of Citizens Community Bancorp, Inc.("CZWI"), and Citizens Community Federal N.A. and was its Executive Vice President. He joined Citizens Community from Security Financial Bank of Durand, Wisconsin where he served as its Chief Financial Officer and Chief Risk Officer from March 2008 to September 2011. He has been involved for many years with the Boys and Girls Club and currently serves as a board member of the Wausau club, and serves on the Business Advisory Council for the School of Business at UWEC. He is a Member of the Wisconsin Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.



Pat J. Heier is Vice President of PSB Holdings, Inc. and Senior Vice President - Commercial Division Leader of Peoples State Bank. Under Mr. Heier's leadership, Peoples has shown significant growth while maintaining sound asset quality. Prior to joining Peoples in 2007, Mr. Heier was a regional president of Associated Bank and has held several divisional and sales management roles in regional and national banks. He is currently a board member of The Women's Community, Inc. and the Wisconsin Woodchucks baseball team. Mr. Heier is a Big Brother for the Big Brothers Big Sisters of Central Wisconsin and a frequent organizational volunteer.

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Today's Agenda

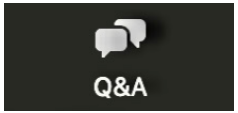
- Today's Peoples State Bank
- What impact has COVID-19 had?
- Learn about the Paycheck Protection Program (PPP)
- Hear how our PPP loan helped a business customer
- See our new West Allis bank location
- Our financial trends
- Shareholder value strategies and investment appeal
- Questions & Answers

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Submitting Questions

Throughout the presentation, you may submit questions using the "Q & A" feature in the Zoom webinar.

Look for the "Q & A" button at the bottom of your screen:



Type your question into the box that opens.

Hit submit, and we will answer questions at the end of our presentation.

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Cautionary Note Regarding Forward-Looking Statements

Certain matters discussed in this presentation, including those relating to the growth of PSB, its profits, 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 during the meeting. Among other things, these risks and uncertainties include the strength of the economy, the effects of government policies, including interest rate policies, and other risks and assumptions. PSB assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

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Today's Peoples State Bank

- In 2020, PSB Holdings, Inc., parent company of Peoples State Bank reached $1 billion in assets—now at $1.1 billion
- Peoples locations:
  - Greater Wausau area – 5
  - Northwoods – 3
  - Milwaukee/West Allis – 1
- #1 Community Bank market share in combined Marathon, Oneida, and Vilas Counties
- AWARD WINNING SERVICE
  - Customer: Wausau Daily Herald "Best Bank in Marathon County" for nine consecutive years
  - Employee: American Banker Magazine "Best Bank to Work For" two years in a row
  - Shareholder: American Banker Magazine "Top 200 Community Bank" for eleven years in a row

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COVID-19 Impact to Customers

- Lobbies closed from mid-March through May 26 – appointments available
- 30% of employees working from home during peak
- Temporary lobby-only and/or full closures of one week or less on a few occasions
- Heightened cleaning procedures including electrostatic disinfecting
- Paycheck Protection Program (PPP) – assistance for 736 businesses

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COVID-19 Impact Industries

Restaurants

- $24.6M, or 3.1% of total loan portfolio at September 30, 2020
- $1.4M or 0.17% of total loans portfolio currently deferred
- Deferrals consist of one relationship paying interest-only while the other is deferring principal and interest
- The average LTV in the restaurant industry is 63%

Hotels

- $34.4M, or 4.3% of total loan portfolio at September 30, 2020
- $11.7M or 1.45% of total loans portfolio currently deferred
- Deferrals consist of two relationships that are deferring principal and interest and two relationships that are interest-only through September 30, 2020
- The average LTV in the hotel sector is 60%

Other

- $3.0M or 0.4% of total loans portfolio consist of loan deferrals in various industries including residential rentals, a dog kennel and non-residential properties
- Deferrals also consist of one relationship in the airport rental car sector totaling $2.4M

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COVID-19 Impact Industries

Industry Concentration as of September 30, 2020

Total Industry Risk Exposure

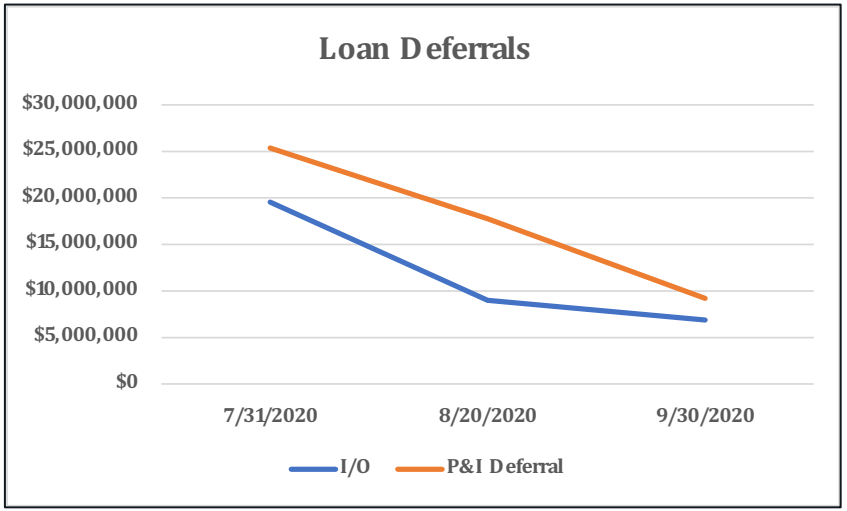
Industry	No. Of Loans	Total Loans	% of Ln Portfolio	Weighted Avg Risk Weighting
Hotels	49	34,405,785	4.28%	4.51
Restaurant	137	24,634,474	3.06%	3.85
Agricultural	92	10,889,860	1.35%	3.84
Other	8	7,270,646	0.90%	3.74
Recreation	62	9,115,459	1.13%	3.64
Non-Owner Occupied (Residential)	318	124,253,861	15.46%	3.61
Lessors of Residential Buildings and Dwellings Multi-Family	30	93,361,270	11.61%	
Lessors of Residential Buildings and Dwellings	288	30,892,591	3.84%	
Retail Stores	100	22,541,465	2.80%	3.46
Automotive and Marine Dealerships (Includes Maint.)	99	23,574,008	2.93%	3.35
Non-Owner Occupied (Commercial)	138	74,455,375	9.26%	3.33
Lessors of Nonresidential Buildings (except Miniwarehouses)	98	61,115,395	7.60%	
Lessors of Miniwarehouses and Self-Storage Units	23	8,776,547	1.09%	
Lessors of Other Real Estate Property	17	4,563,432	0.57%	
Land (Res. And Com.)	32	8,297,911	1.03%	3.25

Loan portfolio includes unused loan commitments. Balances do not include any consumer loans.

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COVID-19 Loan Deferrals

	Round 1 Deferrals (%)	Round 2 Deferrals (%)	Round 1 Deferrals (Dollars and Counts)	Round 2 Deferrals (Dollars and Counts)
Balance	17.50%	2.50%	$143M	$20M
Account Relationships	4.40%	1.70%	114	44



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Asset Quality Trends

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

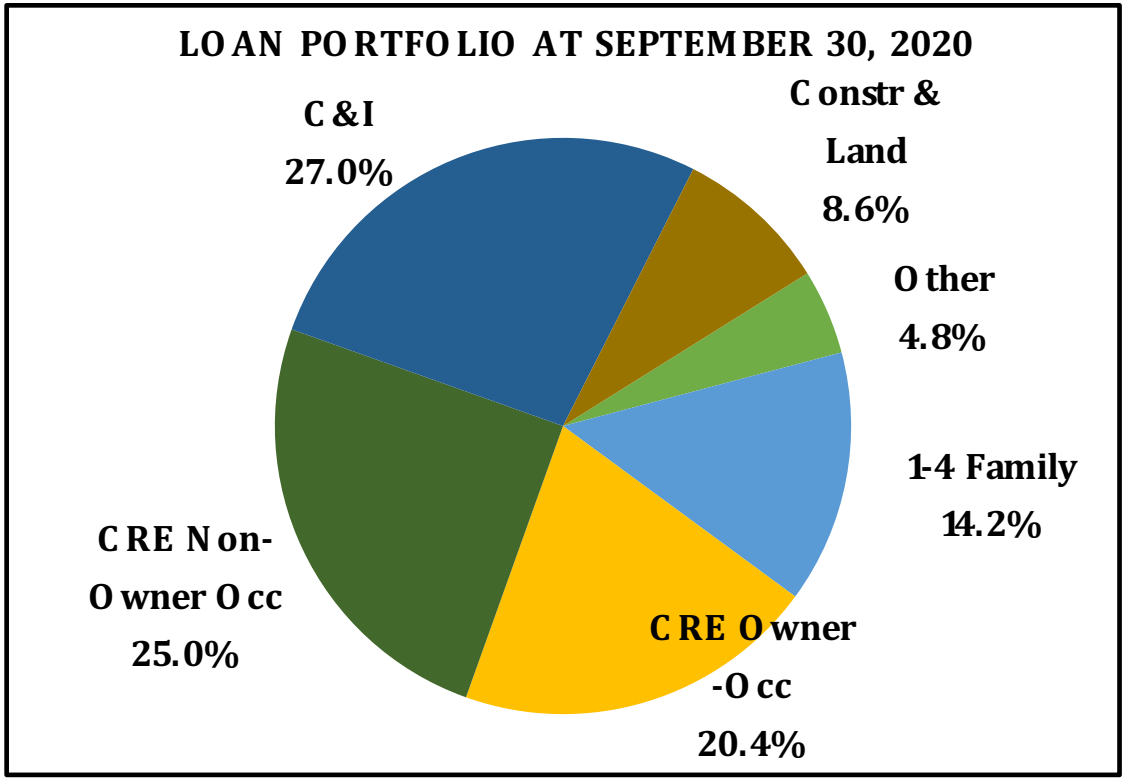
($000)

Risk Rating		12/2016	12/2017	12/2018	12/2019	03/2020	06/2020	09/2020
Rating 1	"High Quality"	$ -	$ -	$ -	$ -	$ 71	$ 55	$ -
Rating 2	"Minimal Risk"	67,468	76,710	85,382	57,904	59,101	72,601	56,337
Rating 3	"Average Risk"	253,673	292,496	323,627	349,002	324,378	374,709	391,195
Rating 4	"Acceptable Risk"	91,367	65,024	79,271	128,932	123,296	154,302	155,738
Rating 5	"Watch Risk"	10,774	18,049	15,551	15,933	33,999	54,522	46,603
Rating 6	"Substandard Risk"	2,678	500	489	2,568	2,732	4,545	2,162
Rating 7	"Impaired Loans"	7,758	9,952	8,707	5,518	7,811	6,130	10,164
		$ 433,718	$ 462,731	$ 513,027	$ 559,857	$ 551,388	$ 666,864	$ 662,199

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

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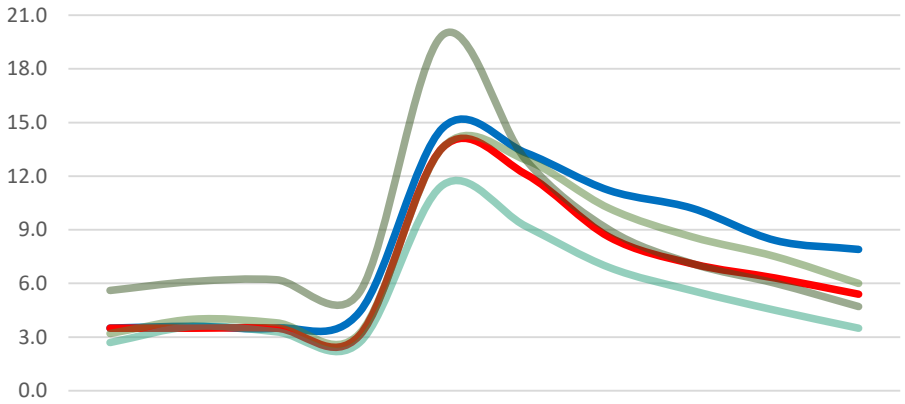
Asset Quality Trends



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Economic Recovery

Unemployment Rates in Primary Markets Compared to State and National Averages

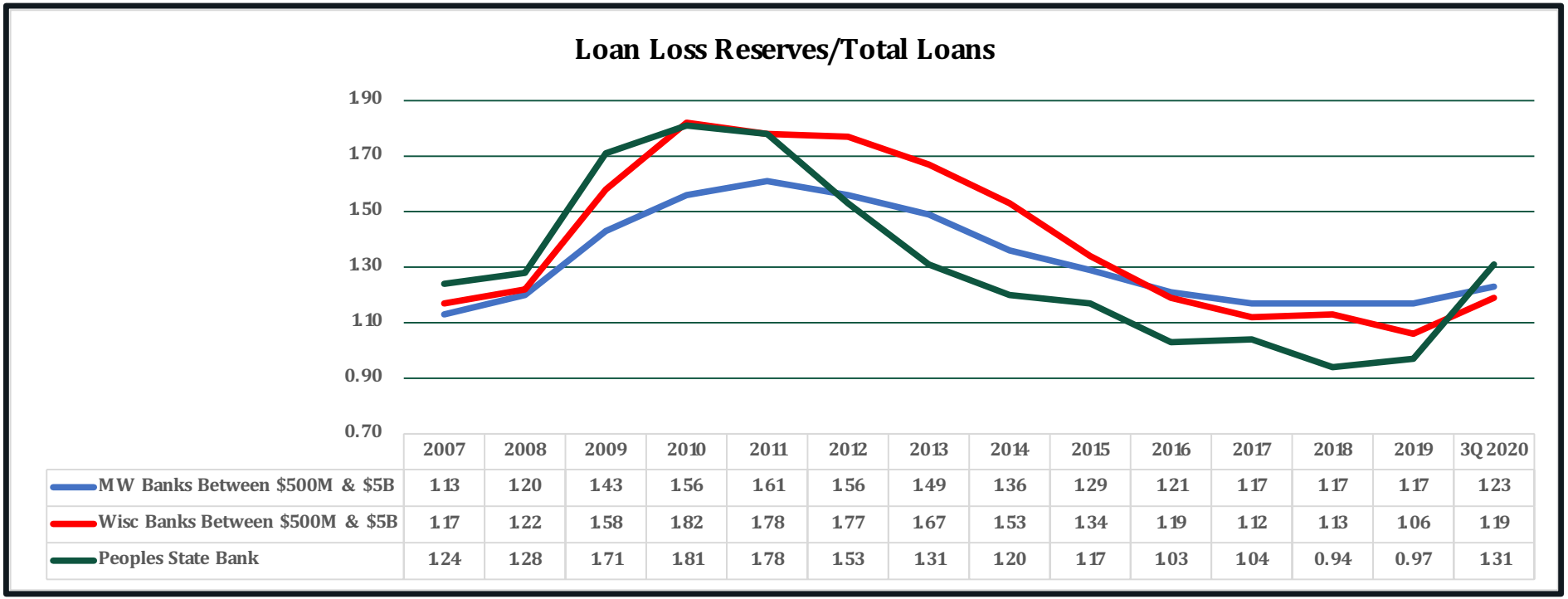


	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
United States	3.5	3.6	3.5	4.4	14.7	13.3	11.2	10.2	8.4	7.9
Wisconsin	3.5	3.5	3.5	3.1	13.6	12.1	8.6	7.1	6.3	5.4
Marathon	2.7	3.6	3.3	2.7	11.5	9.2	6.9	5.6	4.5	3.5
Milwaukee	3.2	4.0	3.8	3.2	13.6	12.9	10.2	8.6	7.5	6.0
Vilas County	5.6	6.1	6.2	5.5	19.9	12.9	9.0	7.1	6.0	4.7

United States Wisconsin Marathon Milwaukee Vilas County

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Loan Loss Reserves



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	3Q 2020
MW Banks Between $500M & $5B	1.13	1.20	1.43	1.56	1.61	1.56	1.49	1.36	1.29	1.21	1.17	1.17	1.17	1.23
Wisc Banks Between $500M & $5B	1.17	1.22	1.58	1.82	1.78	1.77	1.67	1.53	1.34	1.19	1.12	1.13	1.06	1.19
Peoples State Bank	1.24	1.28	1.71	1.81	1.78	1.53	1.31	1.20	1.17	1.03	1.04	0.94	0.97	1.31

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Pat J. Heier

Vice President of PSB Holdings, Inc.

Senior Vice President - Commercial Division Leader of Peoples State Bank

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Paycheck Protection Program (PPP)

People State Bank's Response By The Numbers:

- PPP Loans Approved: **736**
- Total Dollars Deployed: **$116.9 Million**
- Loans Over $1.0 Million: **21**
- Average Loan: **$159,000**
- Number of employees supported by our loans: **appx. 12,000**
- State Rank in Total PPP Loan Production: **12th in State**
- State Rank in PPP Loan Production as a Percentage of Total Loans: **#2**
- Milwaukee – **95 loans** and **$14.7 Million**

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PPP Production

Top 10 Publicly Traded Wisconsin Banks		Paycheck Protection Program			Loan Modification	
#	Company Name	PPP Loan Ratio (%)	Paycheck Protection Program Loan ($000)	PPP Loan Ratio (%)	Processing Fees on PPP Loans ($000)	COVID-19 Loan Modification ($000)	COVID-19 Loan Modification Ratio (%)
1	First Business Financial Services, Inc.	16.05	327,932	16.05	859	323,216	15.82
2	**PSB Holdings, Inc.**	**14.39**	**116,400**	**14.39**	**NA**	**143,000**	**17.68**
3	Bank First Corporation	13.24	278,100	13.24	NA	NA	NA
4	Nicolet Bankshares, Inc.	12.09	340,184	12.09	NA	NA	NA
5	Blackhawk Bancorp, Inc.	11.75	82,000	11.75	522	68,719	9.85
6	Citizens Community Bancorp, Inc.	10.76	137,330	10.76	500	197,311	15.46
7	County Bancorp, Inc.	9.56	103,317	9.56	NA	200,700	18.57
8	Denmark Bancshares, Inc.	9.47	44,900	9.47	NA	NA	NA
9	Baraboo Bancorporation, Inc.	7.12	23,010	7.12	NA	NA	NA
10	CIB Marine Bancshares, Inc.	7.03	42,982	7.03	NA	75,000	12.27

Placeholder for Earl Faulkner video

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Successful PPP Response

- Dedicated response team working around the clock to process applications
- Peoples' size was ideal to respond faster than larger banks and more resources than smaller banks
- Young tech-savvy support teams provided significant assistance to Peoples' PPP loans
- Peoples' customer driven responsiveness was at the center of our success

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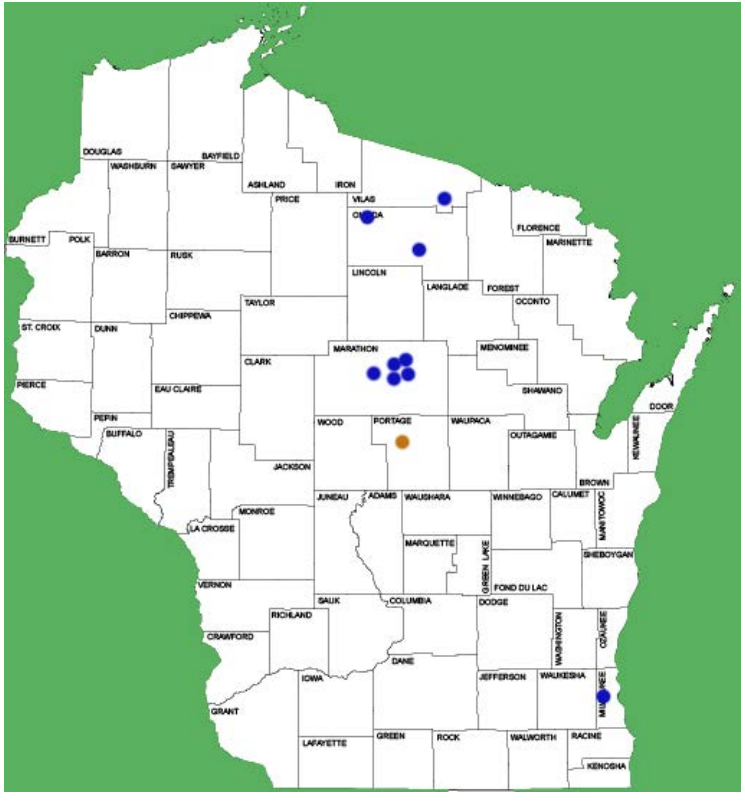
Mark C. Oldenberg

Secretary and Treasurer of PSB Holdings, Inc.

Senior V.P. and Chief Financial Officer of Peoples State Bank

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Branch Locations



Marathon County		6/30/2020
Address	City	Deposits ($000)
1905 Stewart Ave	Wausau	$402,967
314 Main St	Marathon	$106,543
1201 6th St	Wausau	$51,390
7205 Stone Ridge Dr	Weston	$66,676
2904 Rib Mountain Dr	Wausau	$46,732
Marathon County Total		**$674,308**

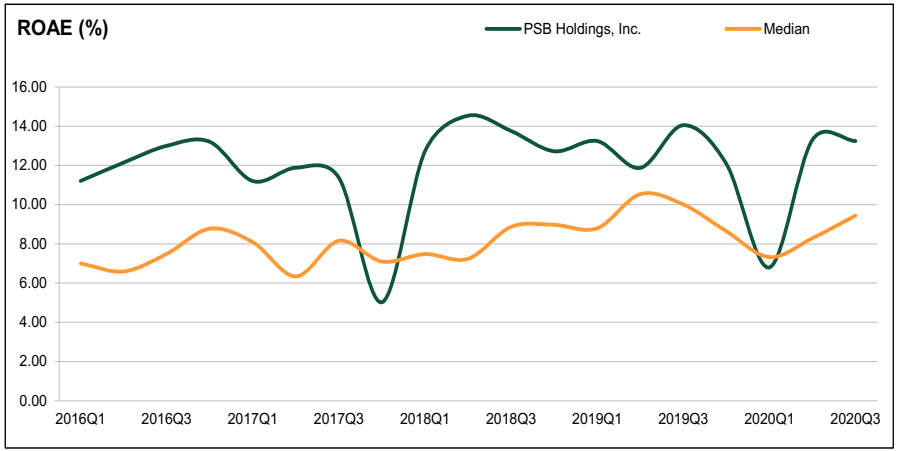
Northern Wisconsin		6/30/2020
Street Address	City	Deposits ($000)
8 E Anderson St	Rhinelander	$110,898
9560 Hwy 70	Minocqua	$44,189
1011 E Wall St	Eagle River	$45,958
Northern Wisconsin Total		**$201,045**
Milwaukee MSA		
10725 W. National	West Allis	**$11,737**

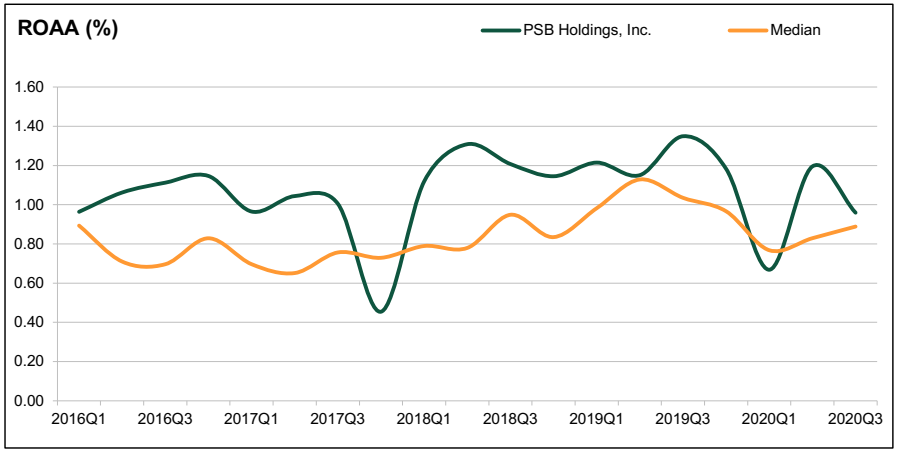
- Full-Service Location
- Loan Production Office

Placeholder for West Allis video

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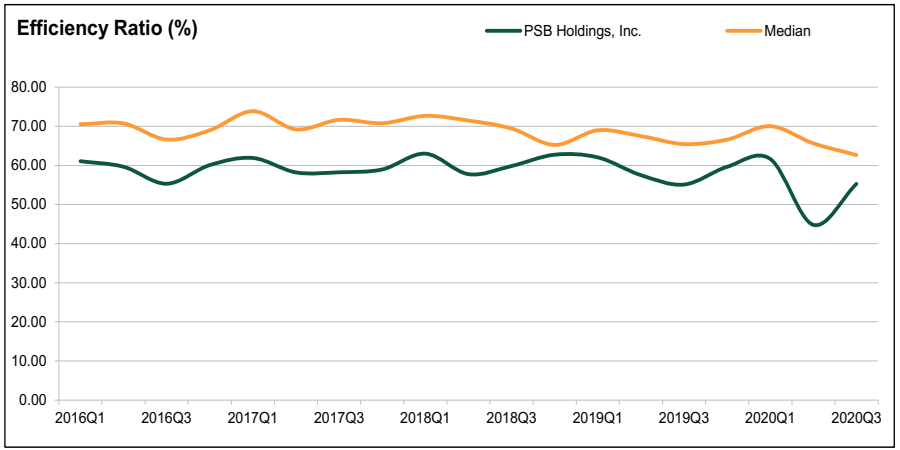
Profitability Trends

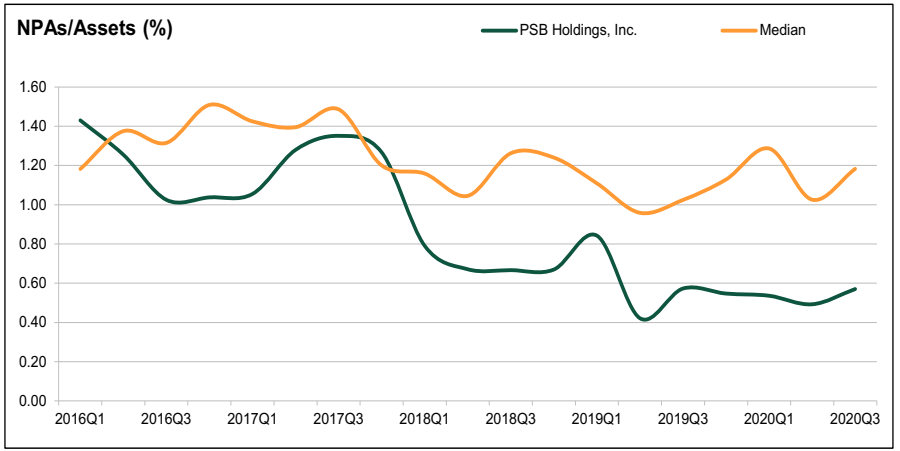




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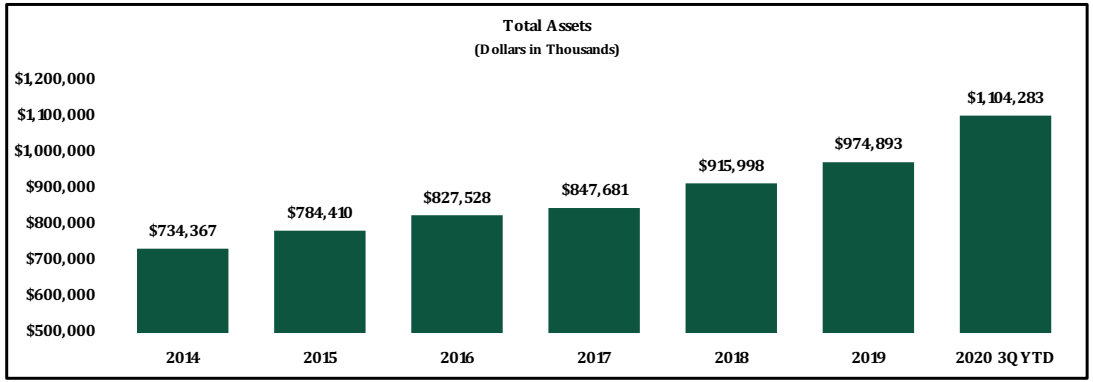
Profitability Trends

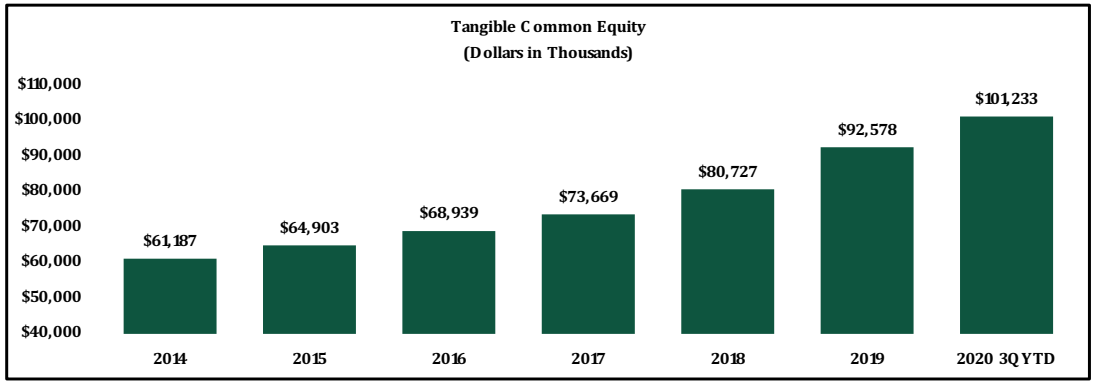




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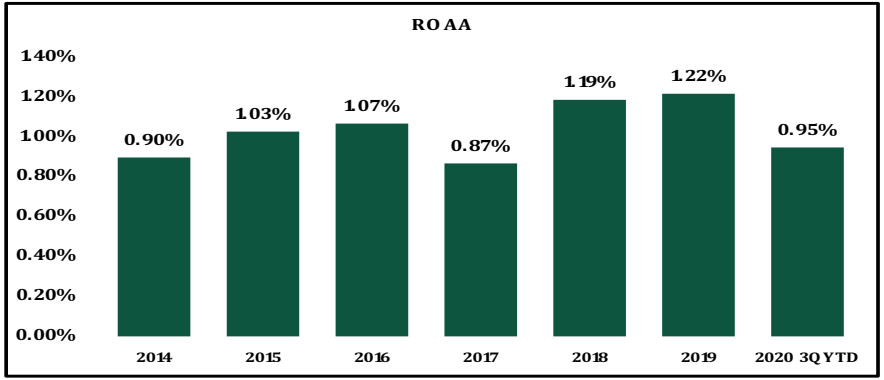
Balance Sheet Trends

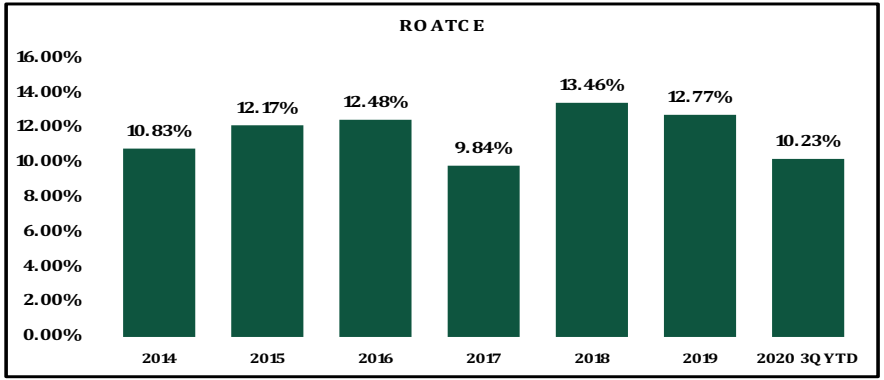




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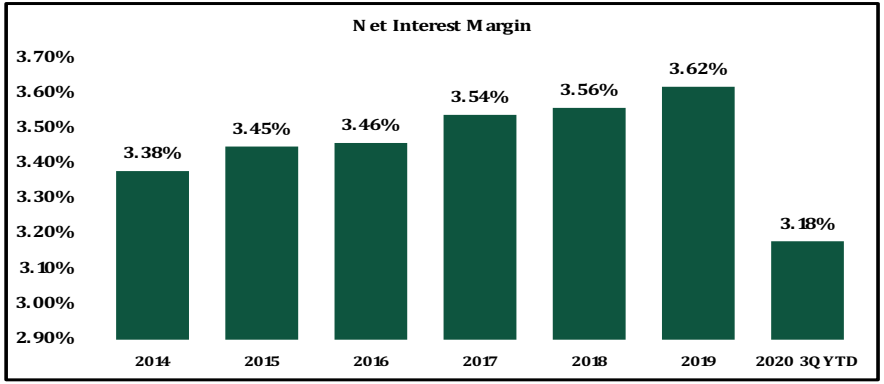
Earnings Trends

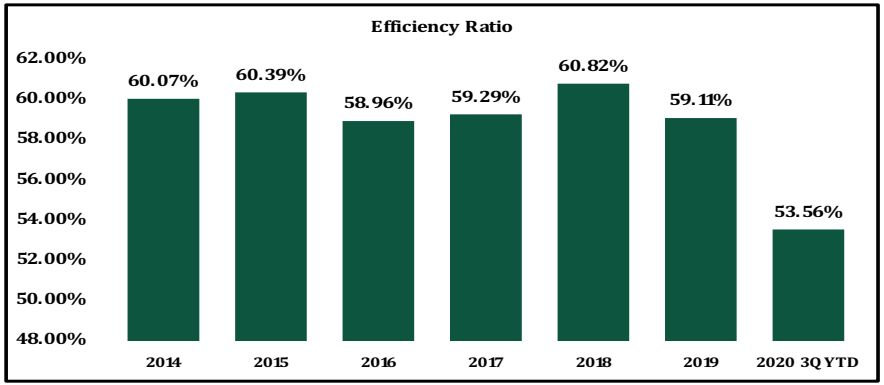




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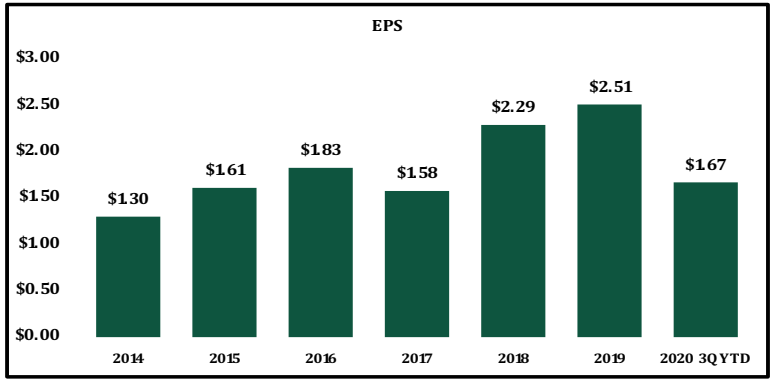
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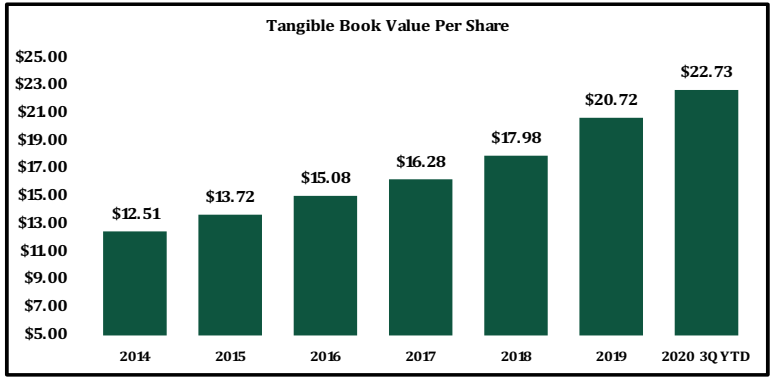


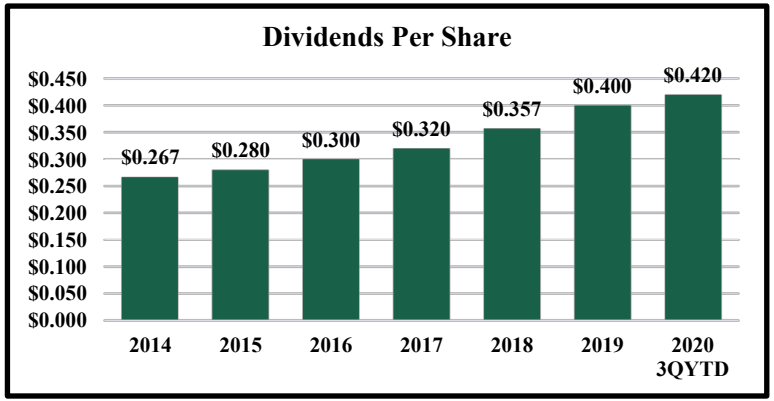


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Per Share Trends

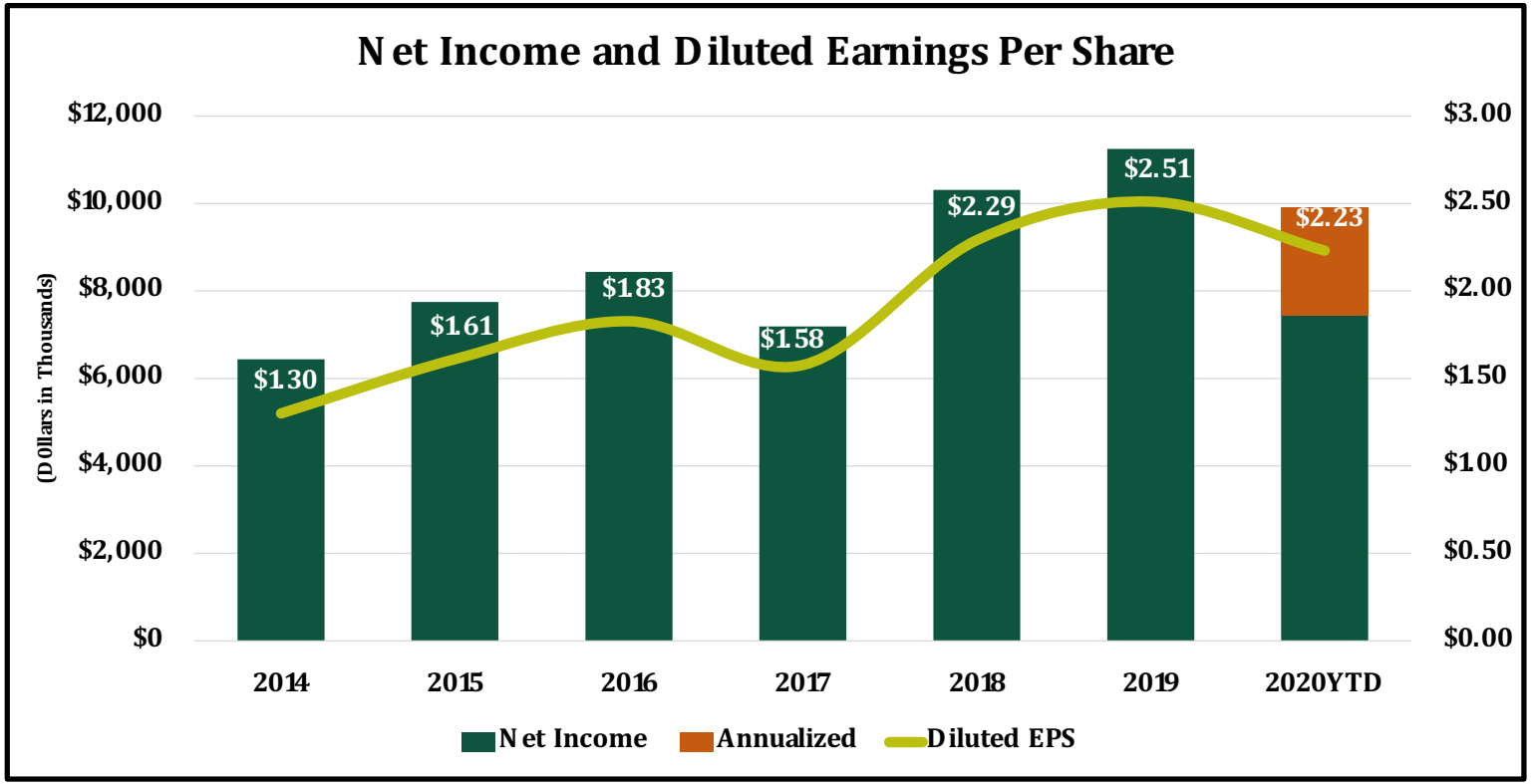






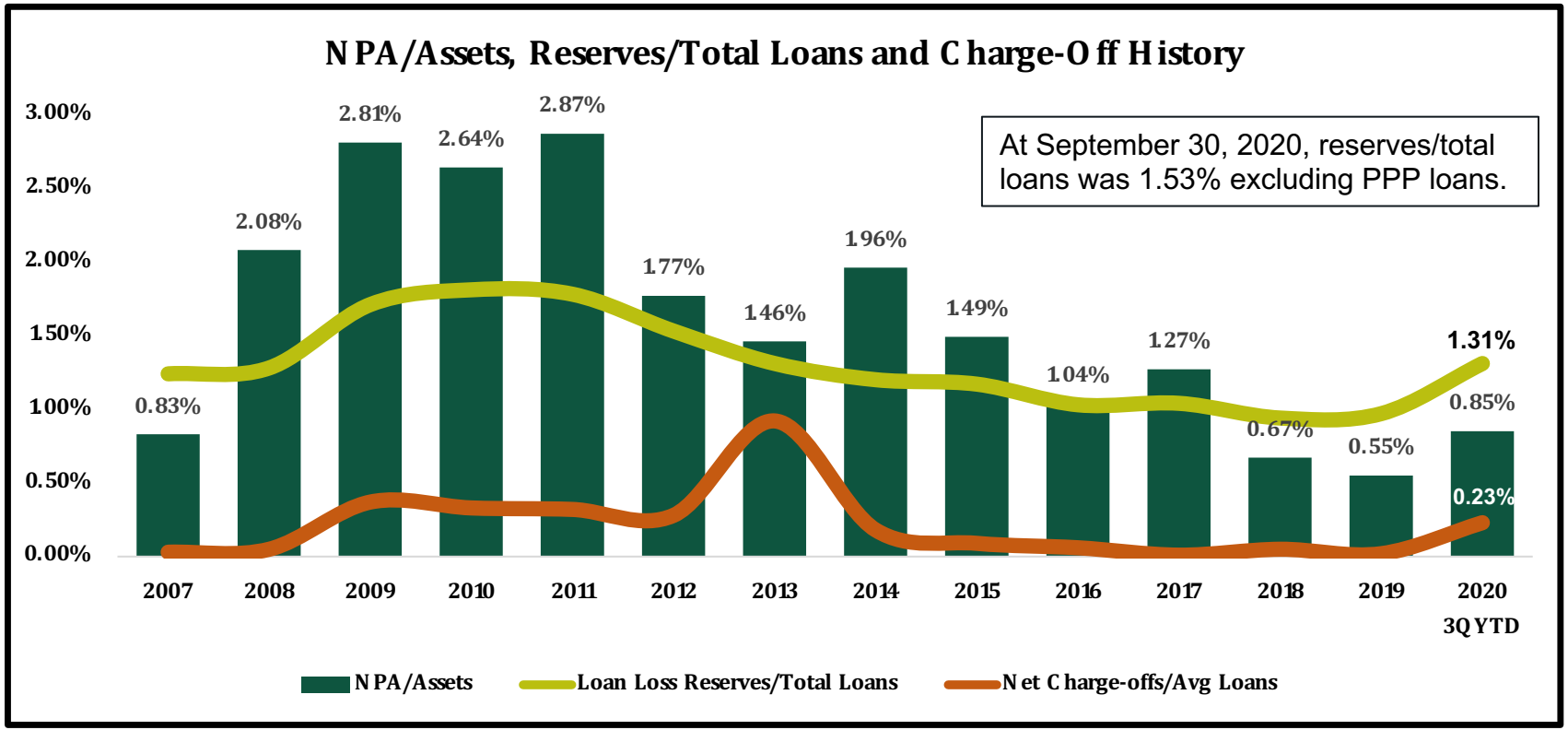
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Net Income Trends



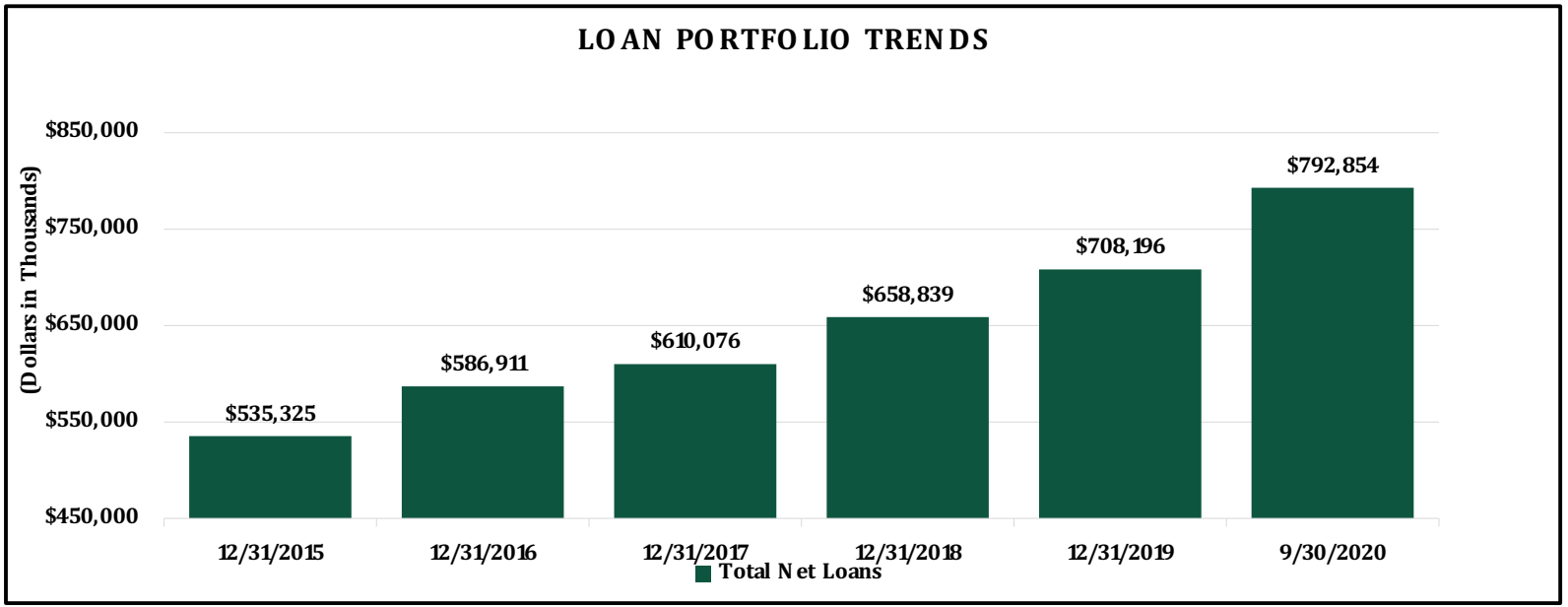
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Asset Quality Trends



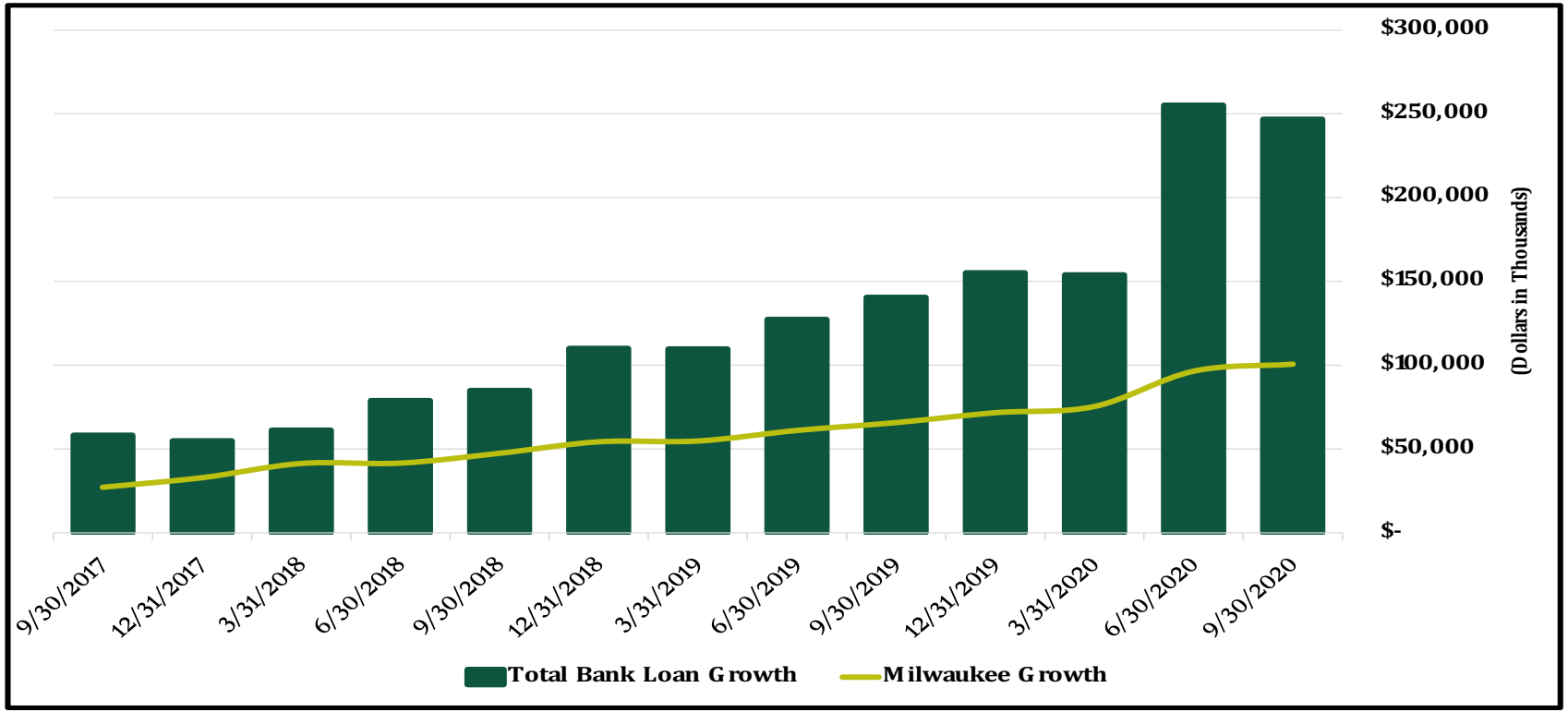
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Loan Portfolio



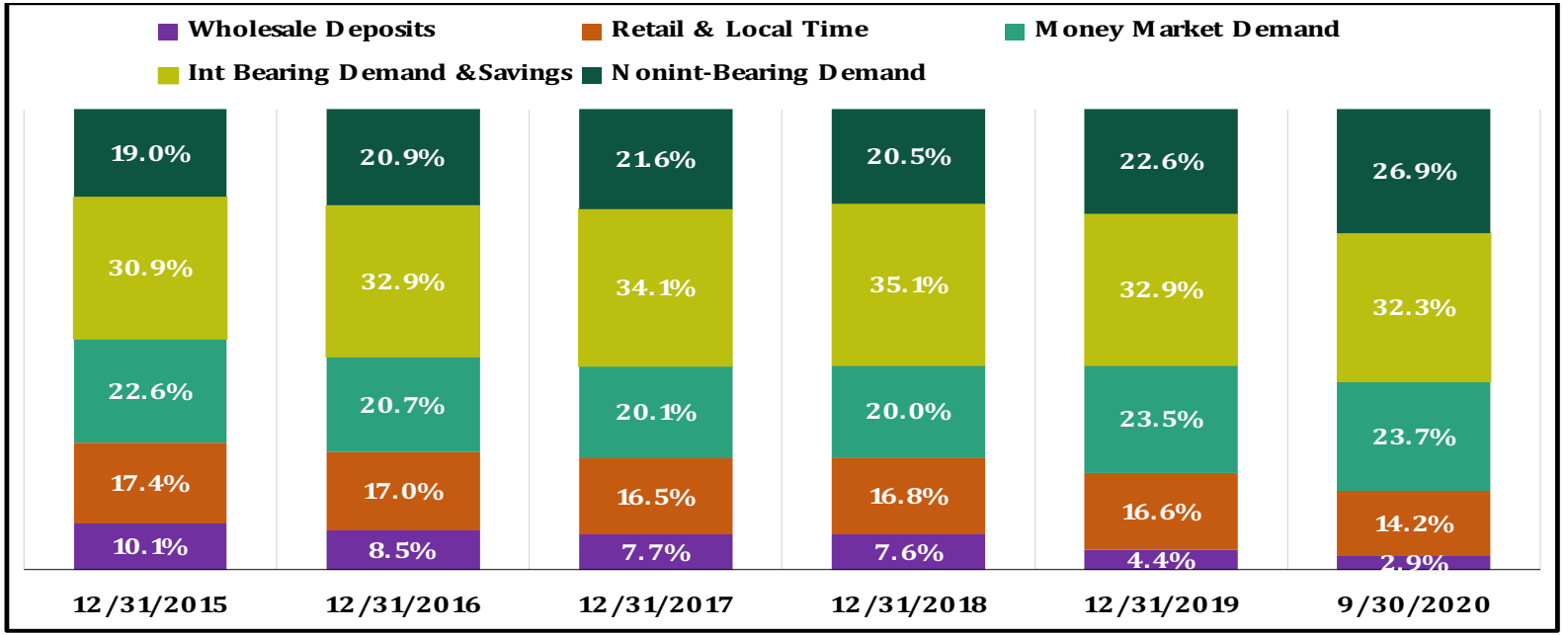
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Milwaukee



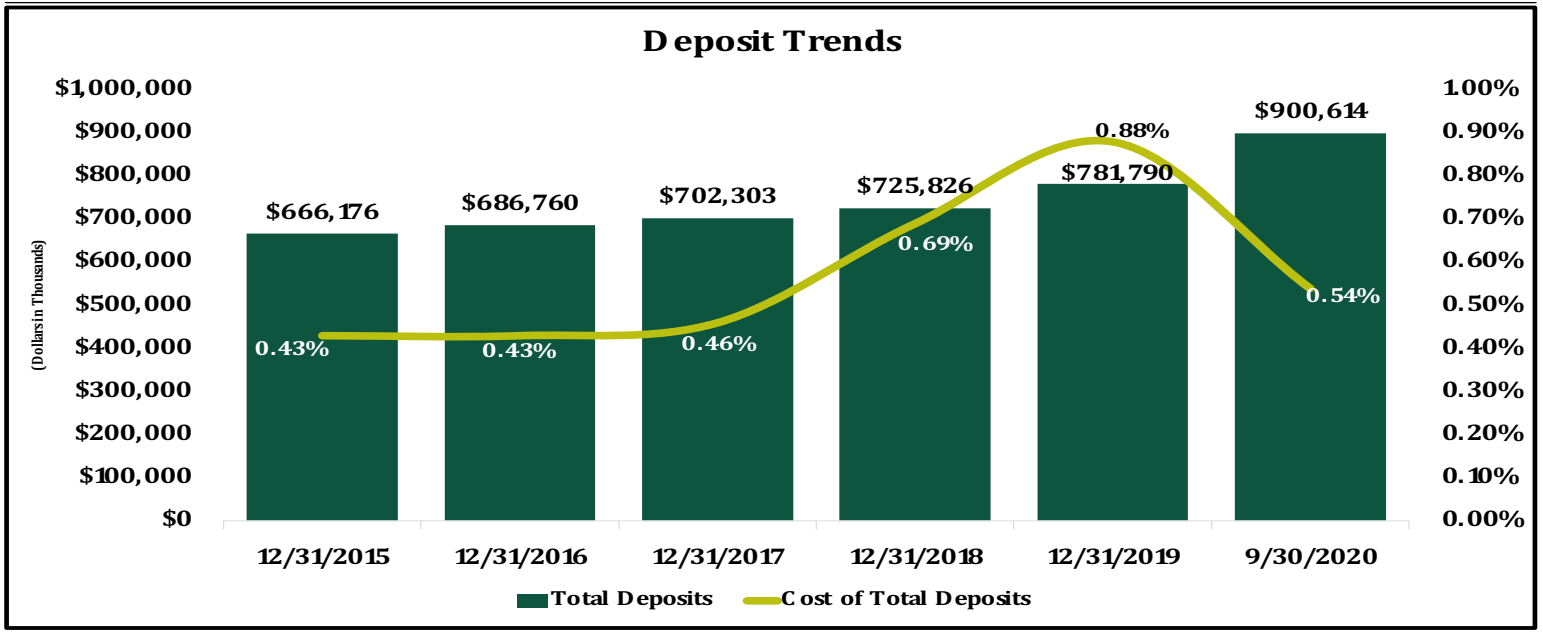
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Deposit Portfolio



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Deposit Portfolio



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Scott M. Cattanach

President & CEO of PSB Holdings, Inc.

President & CEO of Peoples State Bank

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Business Model Strengths

Consistent History of Strong Earnings

Supported by low efficiency ratios and low-costing funds

Well Diversified Loan Portfolio

Industry sectors are not concentrated and represent "a little of a lot" of business types.

Strong Presence In All Branch Markets

Served with large deposit concentrations; highest community bank deposit market share in our combined Wausau and Northern Wisconsin markets.

Diversified Non-Interest Income > 25% of Net Interest Income

Mortgage servicing, wealth management, service fees, and mortgage banking have supported consistent revenues.

Asset Quality Has Remained Strong

Conservative underwriting standards have consistently delivered minimal charge-offs. Long term performance, including during last recession, was better than industry averages.

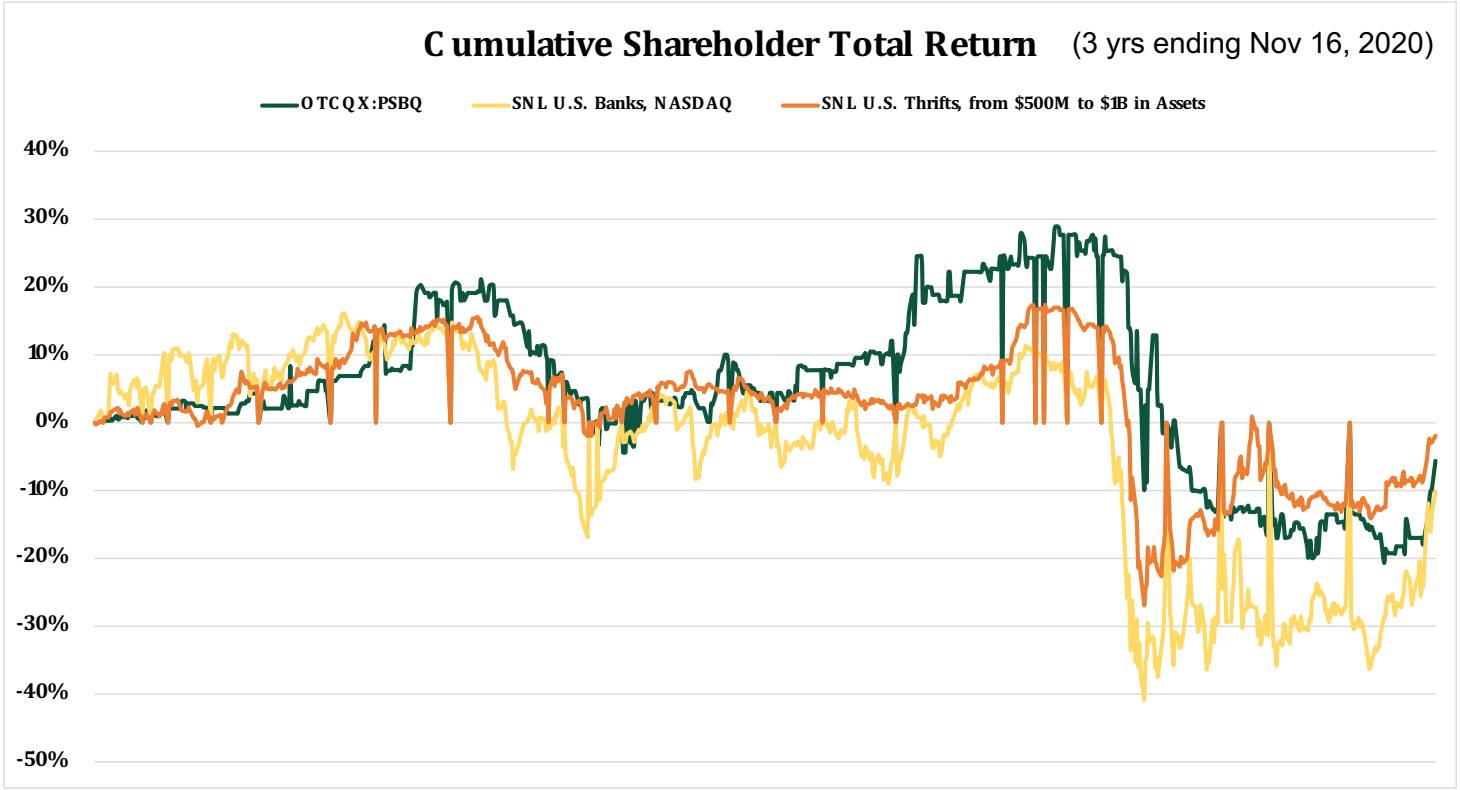
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Key Data at a Glance

(Dollars in Thousands)	2015	2016	2017	2018	2019	2020 3QYTD
Total Assets	$784,410	$827,528	$847,681	$915,998	$974,893	$1,104,283
Total Loans	$535,325	$586,911	$610,076	$658,839	$708,196	$792,854
Total Deposits	$666,176	$686,760	$702,303	$725,826	$781,790	$900,614
Tangible Common Equity	$64,903	$68,939	$73,669	$80,727	$92,578	$101,233
ROAA	1.03%	1.07%	0.87%	1.19%	1.22%	0.95%
ROATCE	12.17%	12.48%	9.84%	13.46%	12.77%	10.23%
EPS	$1.61	$1.83	$1.58	$2.29	$2.51	$1.67
Dividends	$0.280	$0.300	$0.320	$0.357	$0.400	$0.420
Price	$14.75	$19.67	$23.17	$22.50	$28.00	$18.00
Market Capitalization ($000)	$69,740	$90,025	$104,751	$100,978	$125,082	$80,141
Tangible Book Value Per Share	$13.72	$15.08	$16.28	$17.98	$20.72	$22.73
Price/LTM EPS	9.2	10.8	14.7	9.8	11.1	7.8
Price/Tangible Book	107.5%	130.4%	142.3%	125.1%	135.1%	79.2%
Dividend Yield	1.90%	1.53%	1.38%	1.59%	1.43%	2.33%

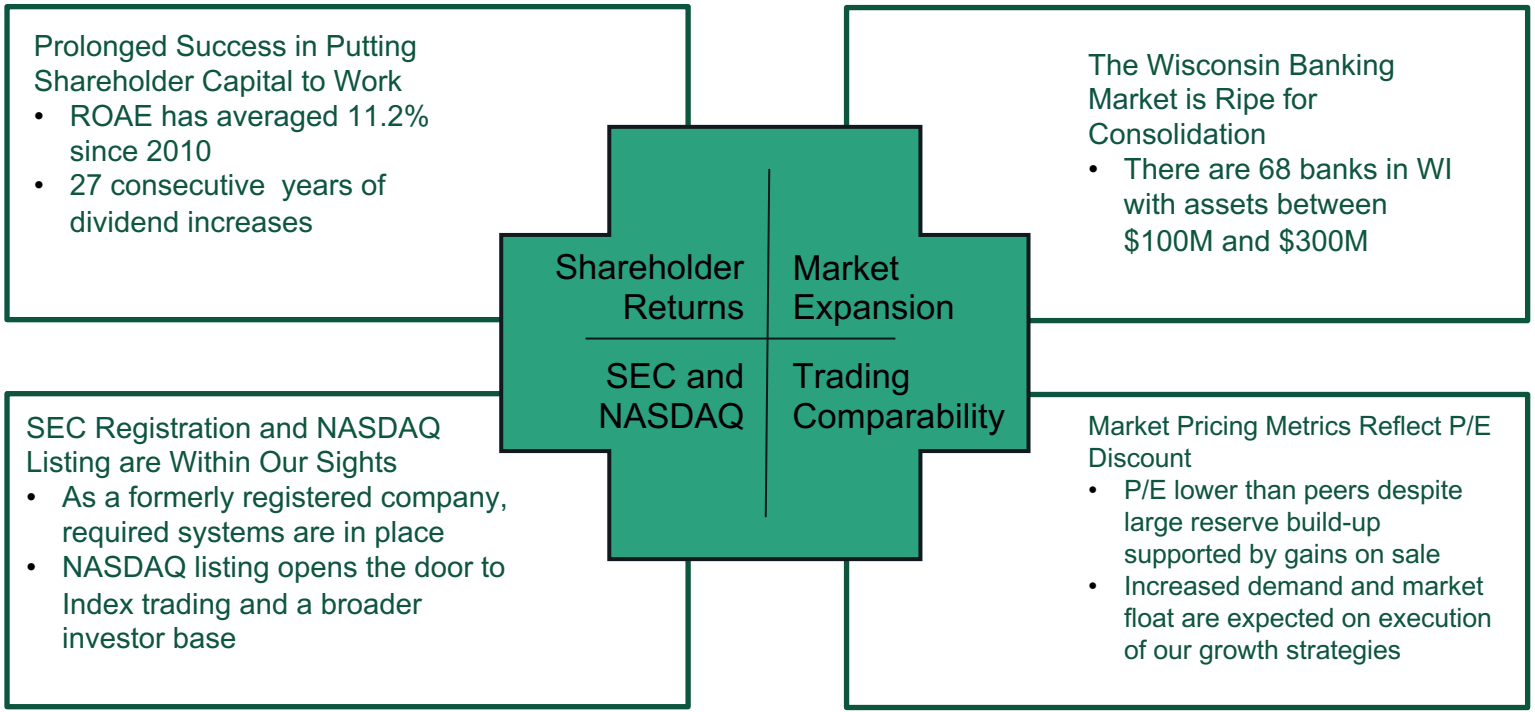
PSB Holdings, Inc.
"PSBQ"

Cumulative Shareholder Total Return



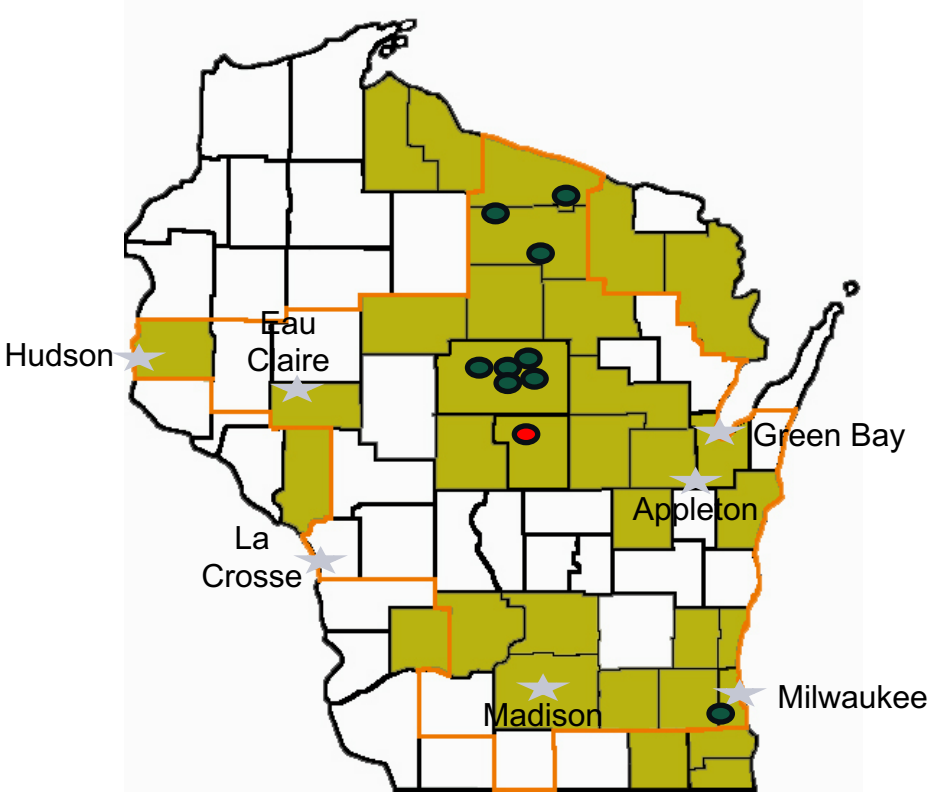
PSB Holdings, Inc.
"PSBQ"

Shareholder Value Strategies



PSB Holdings, Inc.
"PSBQ"

Disciplined Acquisition Strategy



Areas of Potential Acquisition Opportunities

- PSBQ Locations
- PSBQ LPO
- Potential Markets
- Counties With $1+ Million Loans
- Areas of M&A Interest

PSB Holdings, Inc.
"PSBQ"

Disciplined Acquisition Strategy

- **Smart consolidation of community banks**
  - Provides scale and operating efficiencies
  - Adds experienced and knowledgeable banking talent
  - Opportunity to drive scale and financial performance

- **Ability to execute M&A growth plans for improved performance of overall bank**
  - Experienced management with core competencies evaluating, structuring, acquiring and integrating target banks
  - Purchased $107 million bank in 2012 and $41 million branch in 2014

- **Maintain disciplined approach to target markets**
  - Markets with accelerated growth opportunities
  - Adjacent rural markets with low-cost deposits and significant expense reduction potential
  - TNBV earn-back within 3-4-year range

- **Seller and Size Criteria**
  - Banks with assets between $100 million and $300 million
  - Seller interested in our growth and NASDAQ liquidity strategy to increase trading multiples and willing to take a mix of cash and stock consideration

PSB Holdings, Inc.
"PSBQ"

Capital Priorities

- Use for new market investments
- Support internal/organic market growth
- Shareholder dividend trends
- Restart stock buyback program

Directors Emeritus



Tom Polzer

28-years on PSB Holdings, Inc.

Board of Directors



William Reif

23-years on PSB Holdings, Inc.

Board of Directors

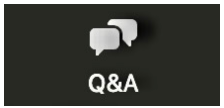
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Question & Answer Period

You may submit questions using the "Q & A" feature

in the Zoom webinar.

Look for the "Q & A" button at the bottom of your screen:



Type your question into the box that opens and hit submit.

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Thank you!