PSB Holdings, Inc.
"PSBQ"

RAYMOND JAMES

Raymond James Emerging Bank Symposium
Virtual Presentation
November 10, 2020

PSB Holdings, Inc.
"PSBQ"

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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Management Team



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. His past volunteer experience includes director and officer roles with the Community Foundation of Northcentral Wisconsin, Christian Life Communications, Inc. (WCLQ Radio 89.5 FM), and the Marathon County United Soccer Club.



Mark C. Oldenberg is Secretary and Treasurer at PSB Holdings, Inc. and Senior V.P. and Chief Financial Officer at 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 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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Overview

- PSB Holdings, Inc. ($1.1 billion in assets) is the parent company of Peoples State Bank headquartered in Wausau, Wisconsin, serving north central Wisconsin from nine full-service banking locations in Marathon, Oneida, Vilas and Milwaukee counties and loan production offices in Stevens Point, Wisconsin.
- Peoples also provides investment and insurance products, along with retirement planning services, through Peoples Wealth Management, with gross commissions of approximately $1.2 million annually.
- PSB Holdings, Inc. is traded under the stock symbol "PSBQ" on the OTCQX – Best Market Exchange.
- The executive management team collectively has over 75 years of experience in the financial services sector.

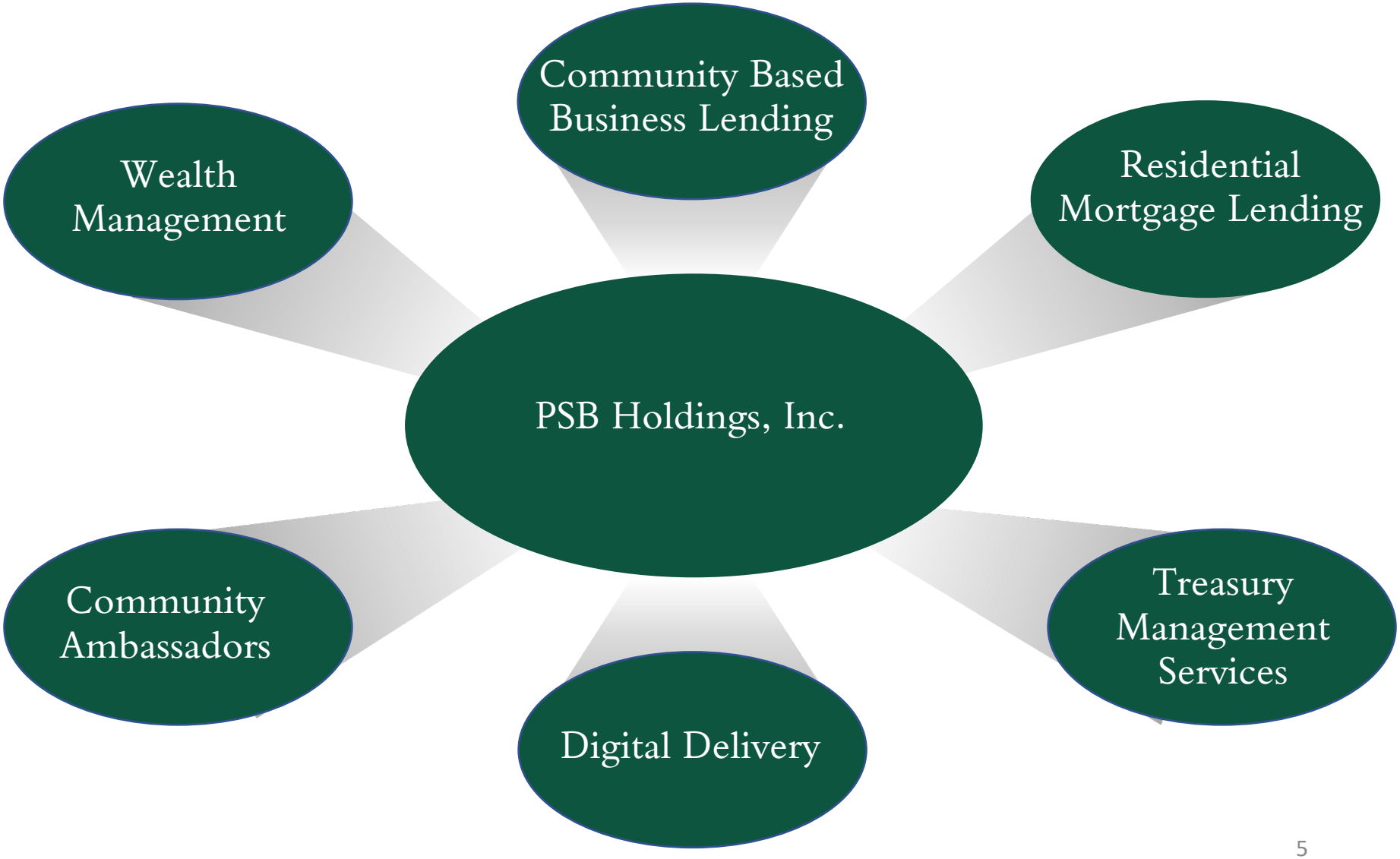
AWARD WINNING SERVICE

- **Shareholder focused** – American Banker Magazine "Top 200 Community Banks" list in 2020 for 11 consecutive years
- **Customer focused** – Peoples State Bank voted "Best Bank in Marathon County" by readers of the Wausau Daily Herald for the past 9 years
- **Employee focused** – American Banker Magazine voted "Best Bank to Work For" by its staff for the past 2 years



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Community Reach



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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 Impact Industries

Restaurants

- $26.6M, 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%

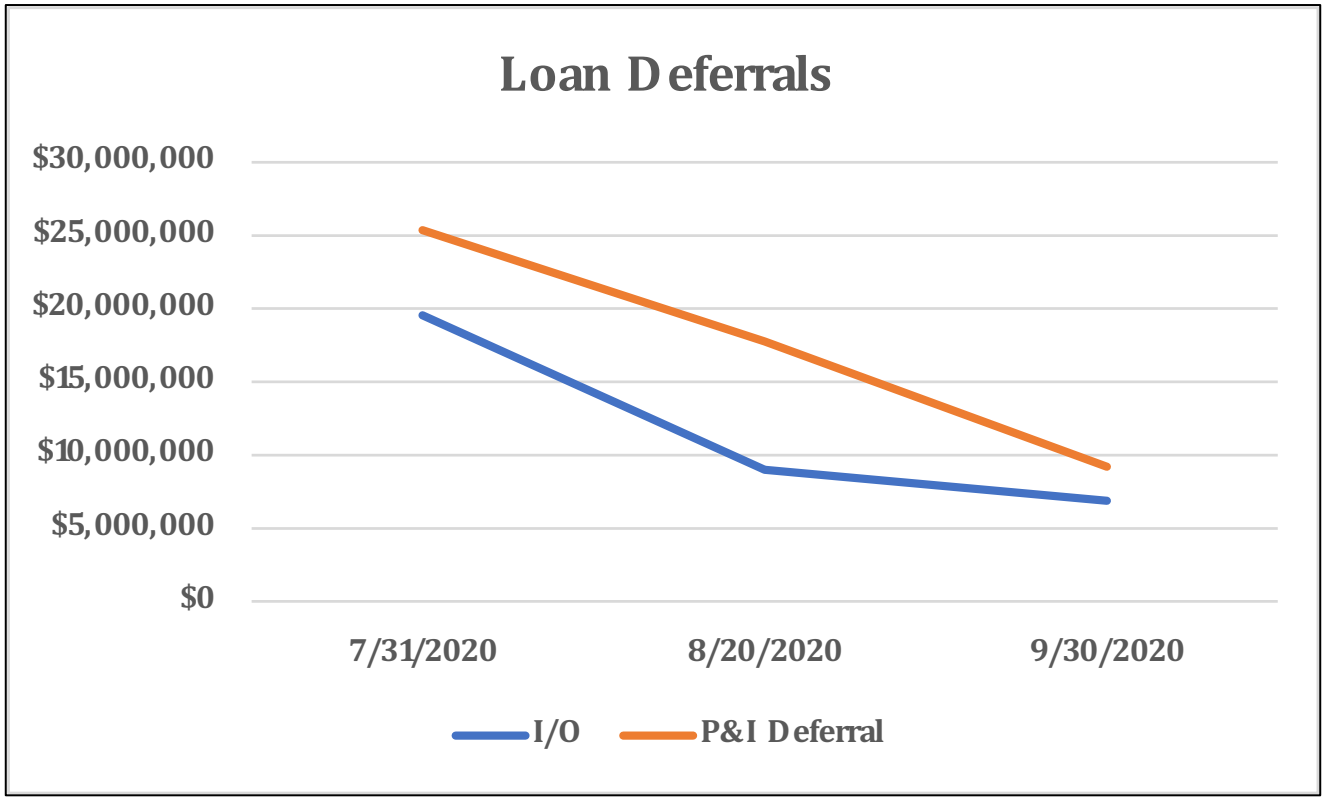
Other

- $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 rental car agency totaling $2.4M

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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



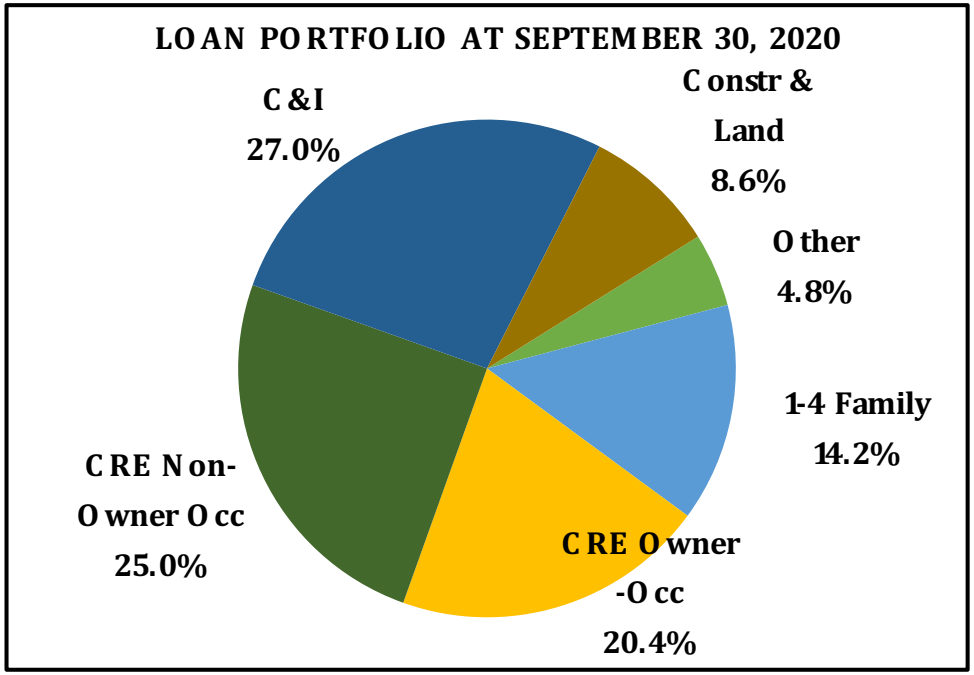
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Asset Quality Trends

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**

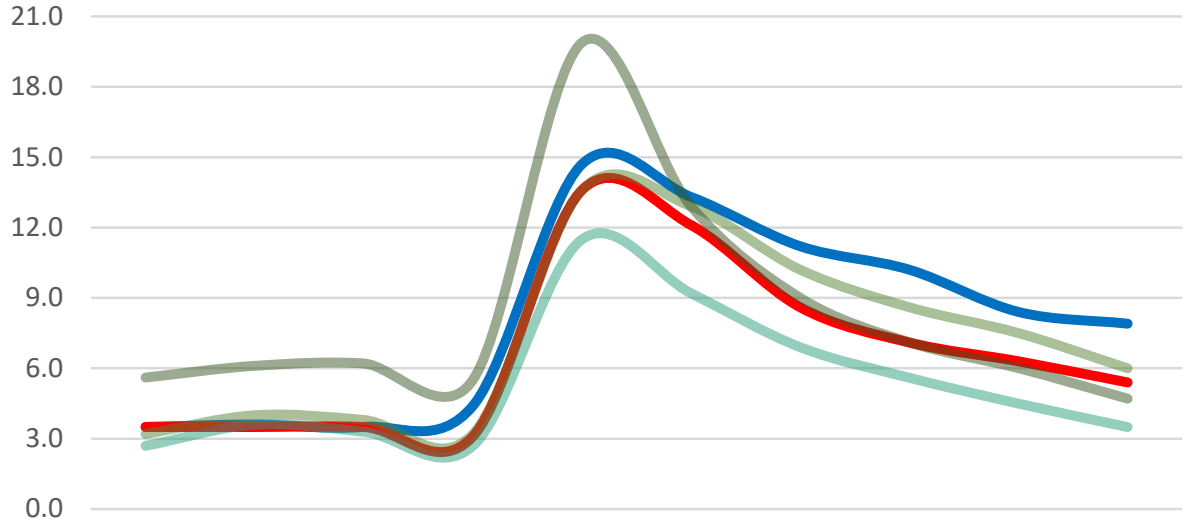
Includes undisbursed Construction & Development lines of credit. PPP loan balances are assigned a risk-weighting of "3".



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Economic Recovery

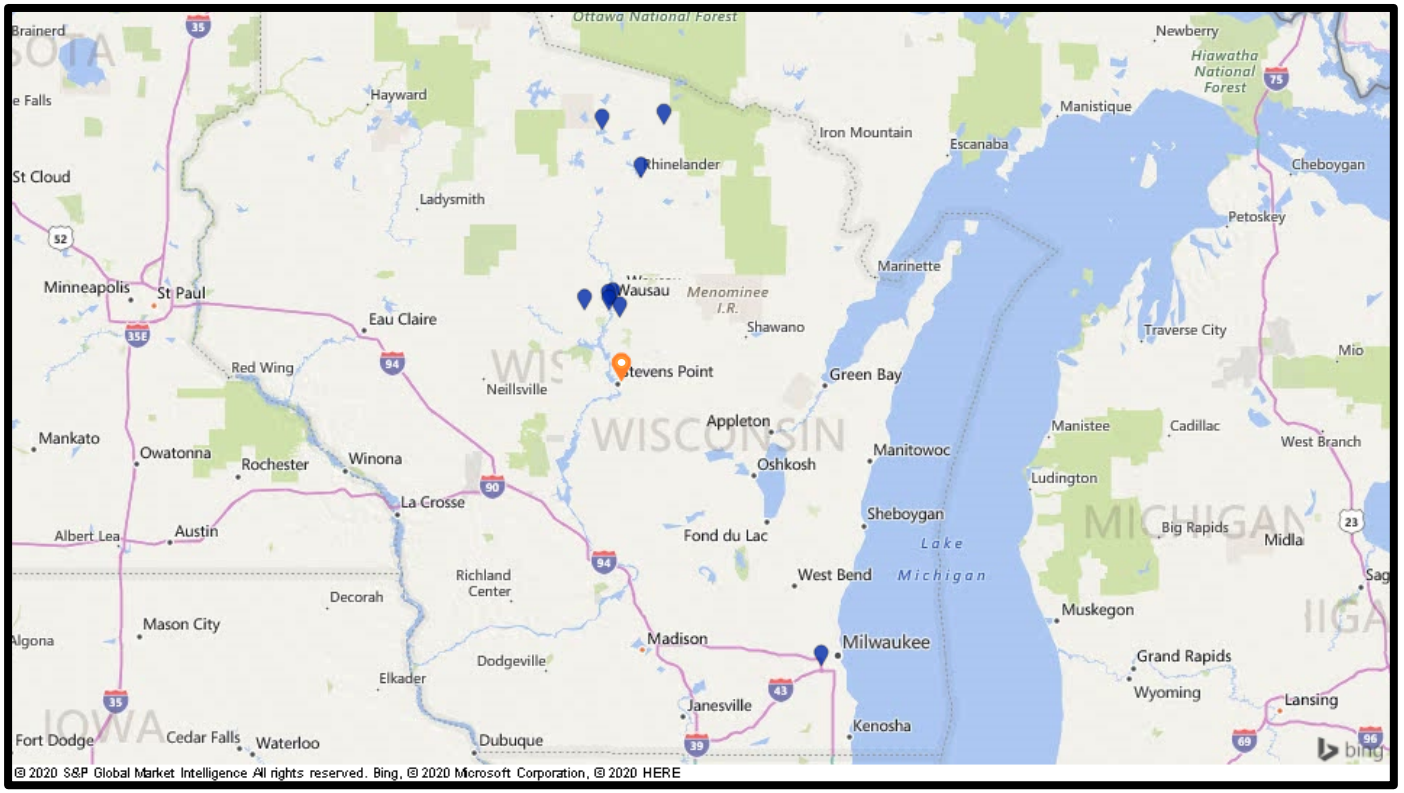
Unemployment Rates in Primary Markets Compared to State and National Averages



	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

PSB Holdings, Inc. Branch Locations

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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**

Loan Production Office

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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~~

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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Shareholder Value Strategies

Shareholder Returns

Prolonged Success in Putting Shareholder Capital to Work
- ROAE has averaged 11.2% since 2010
- 27 consecutive years of dividend increases

Market Expansion

The Wisconsin Banking Market is Ripe for Consolidation
- There are 68 banks in WI with assets between $100M and $300M

SEC and NASDAQ

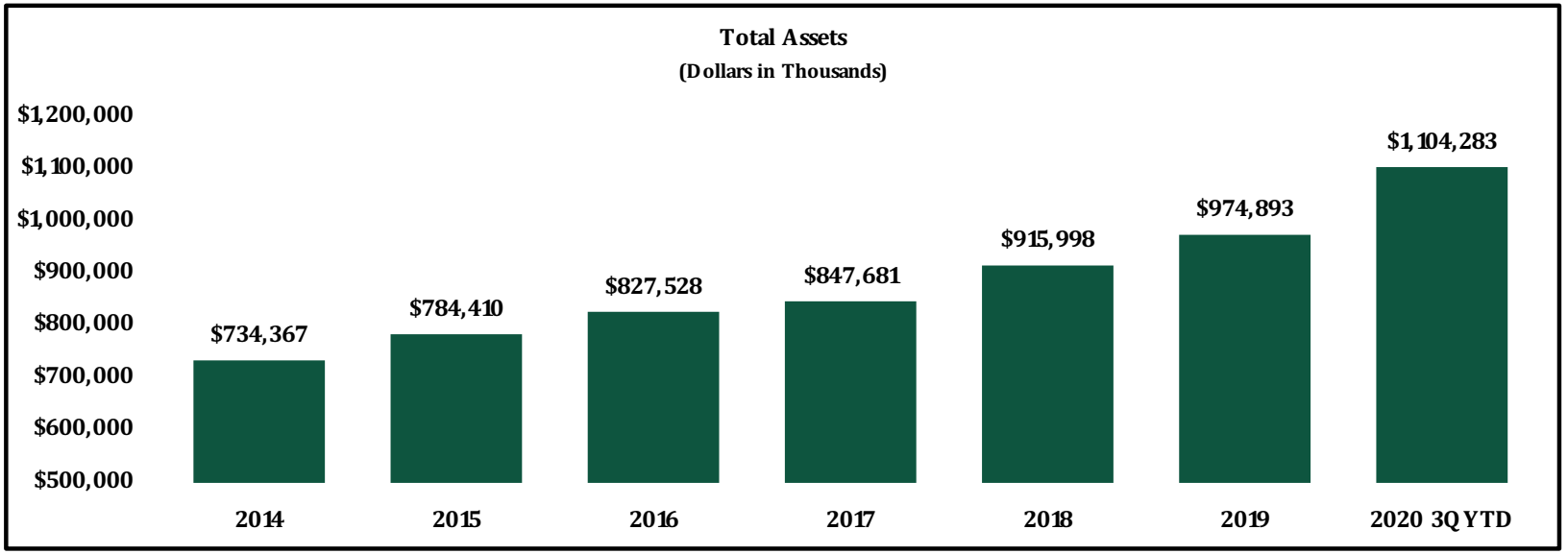
SEC Registration and NASDAQ Listing are Within Our Sights
- As a formerly registered company, required systems are in place
- NASDAQ listing opens the door to Index trading and a broader investor base

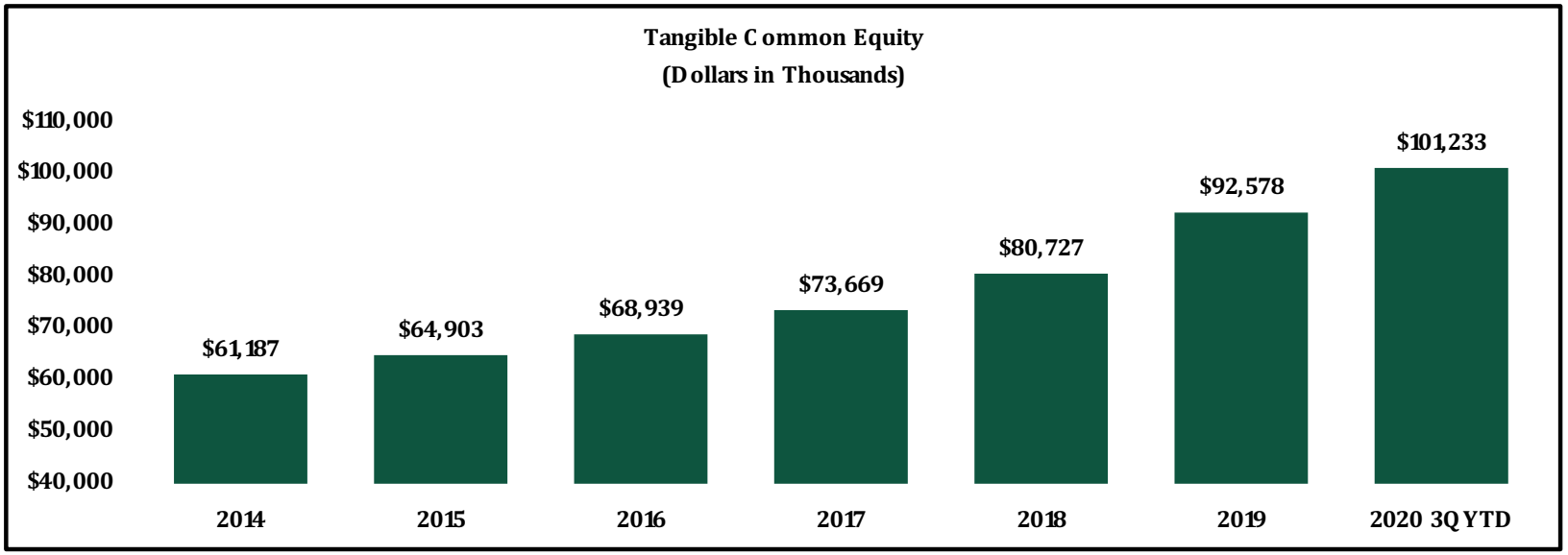
Trading Comparability

Market Pricing Metrics Reflect P/E Discount
- P/E lower than peers despite large reserve build-up supported by gains on sale
- Increased demand and market float are expected on execution of our growth strategies

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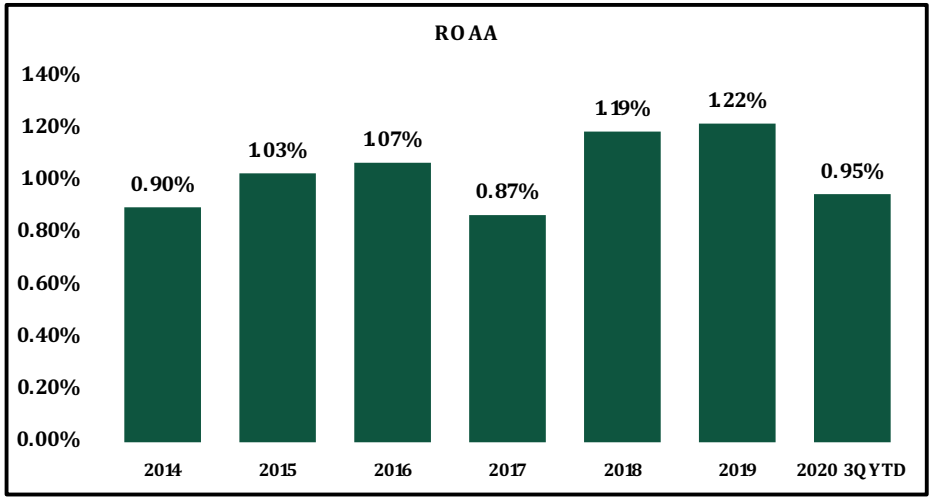
Balance Sheet Trends

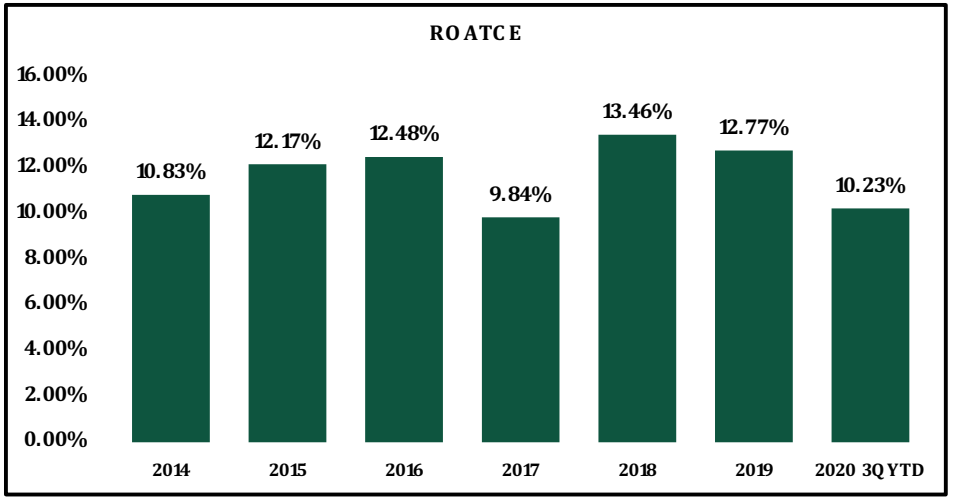


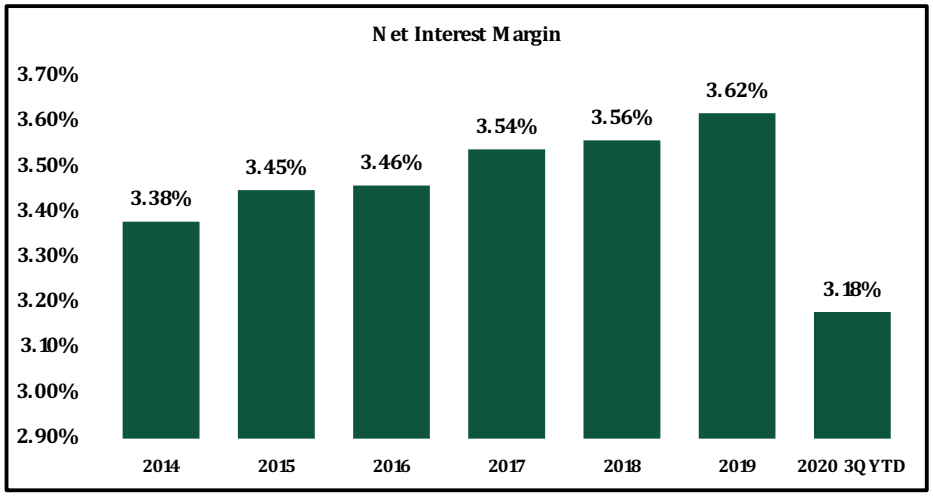


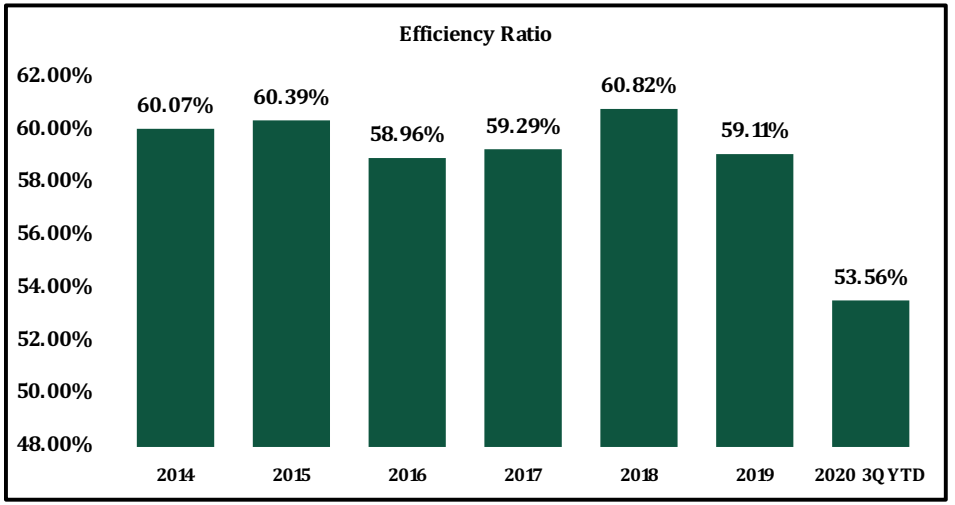
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Earnings Trends



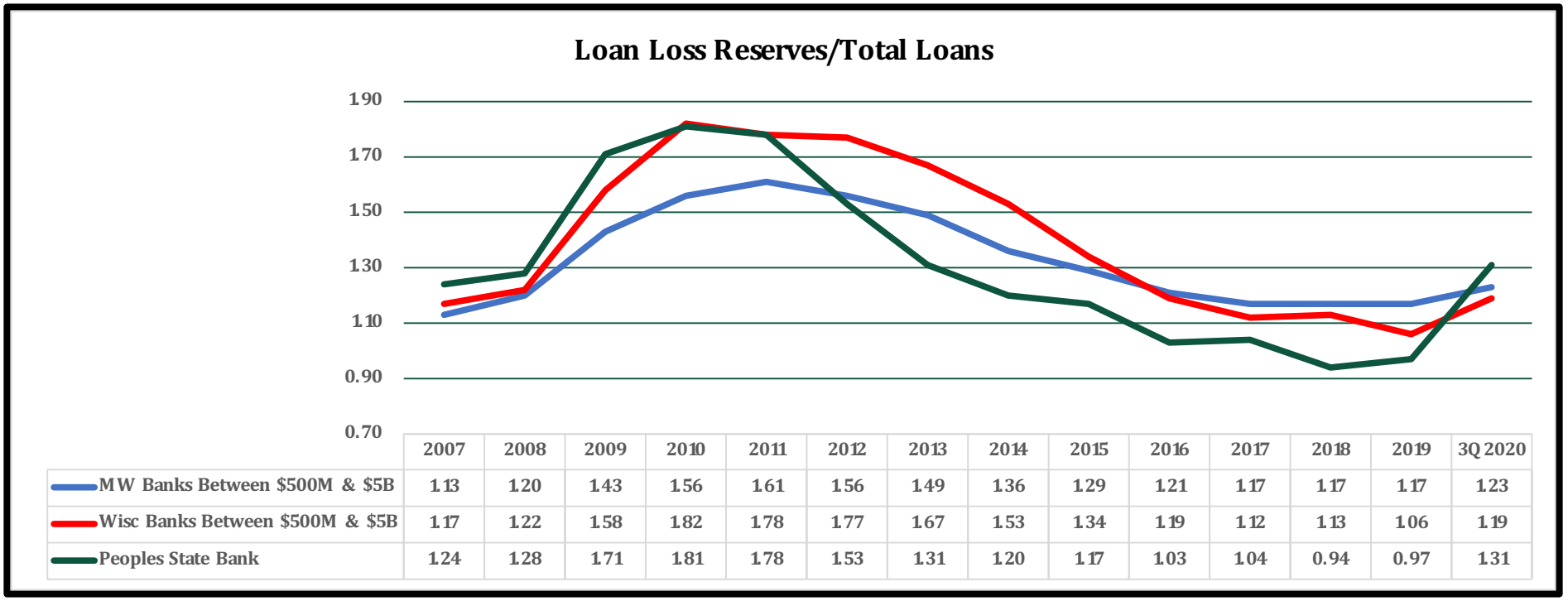






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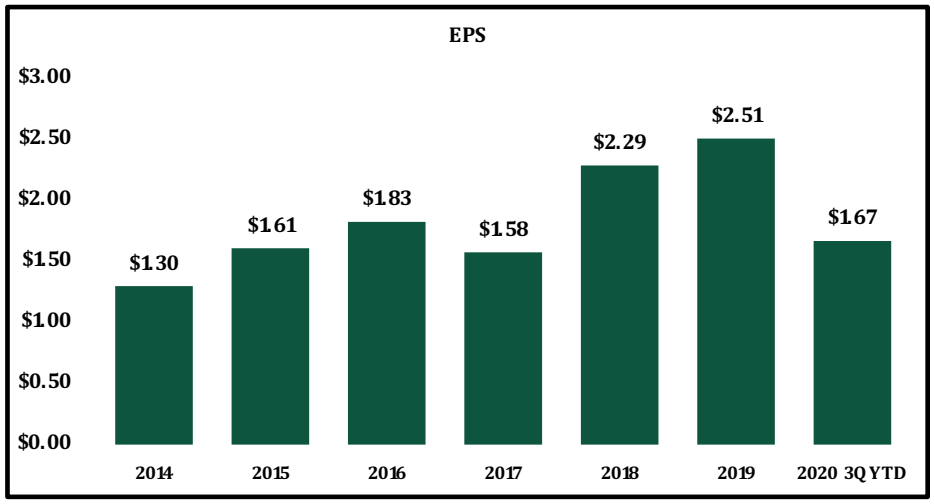
Loan Loss Reserves

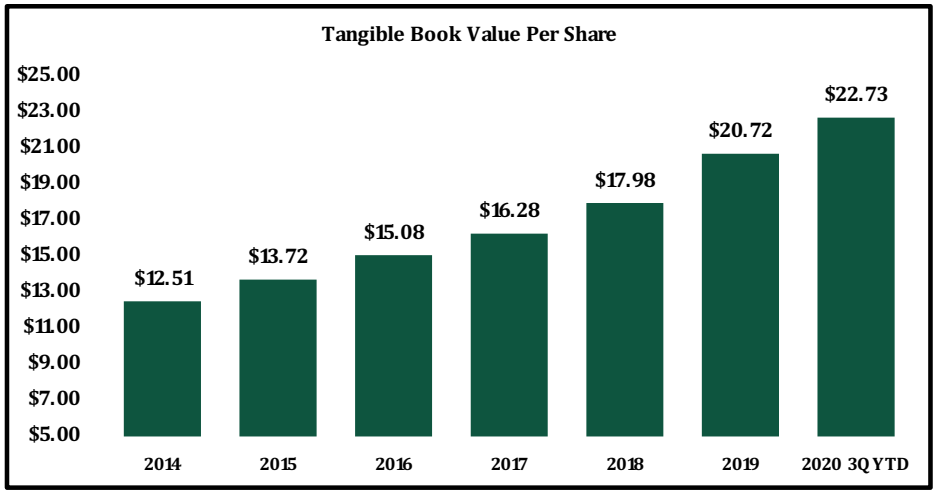


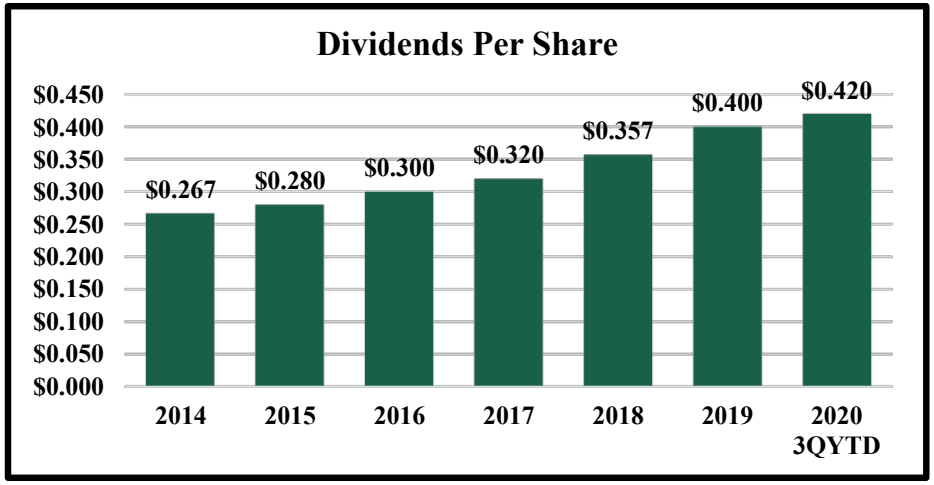
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	3Q 2020
MW Banks Between $500M & $5B	1.13	1.20	1.43	1.56	1.61	1.56	1.49	1.36	1.29	1.21	1.17	1.17	1.17	1.23
Wisc Banks Between $500M & $5B	1.17	1.22	1.58	1.82	1.78	1.77	1.67	1.53	1.34	1.19	1.12	1.13	1.06	1.19
Peoples State Bank	1.24	1.28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

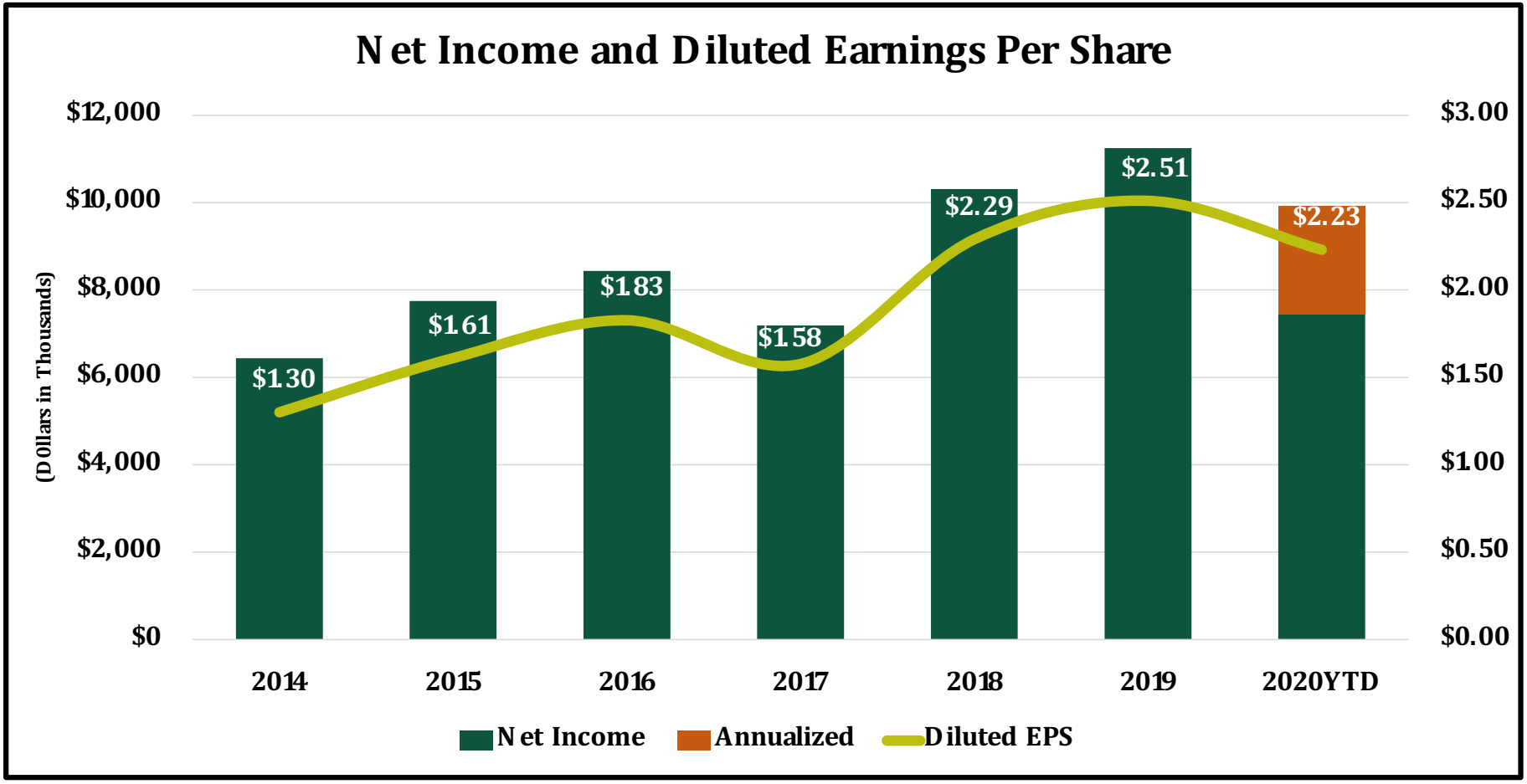






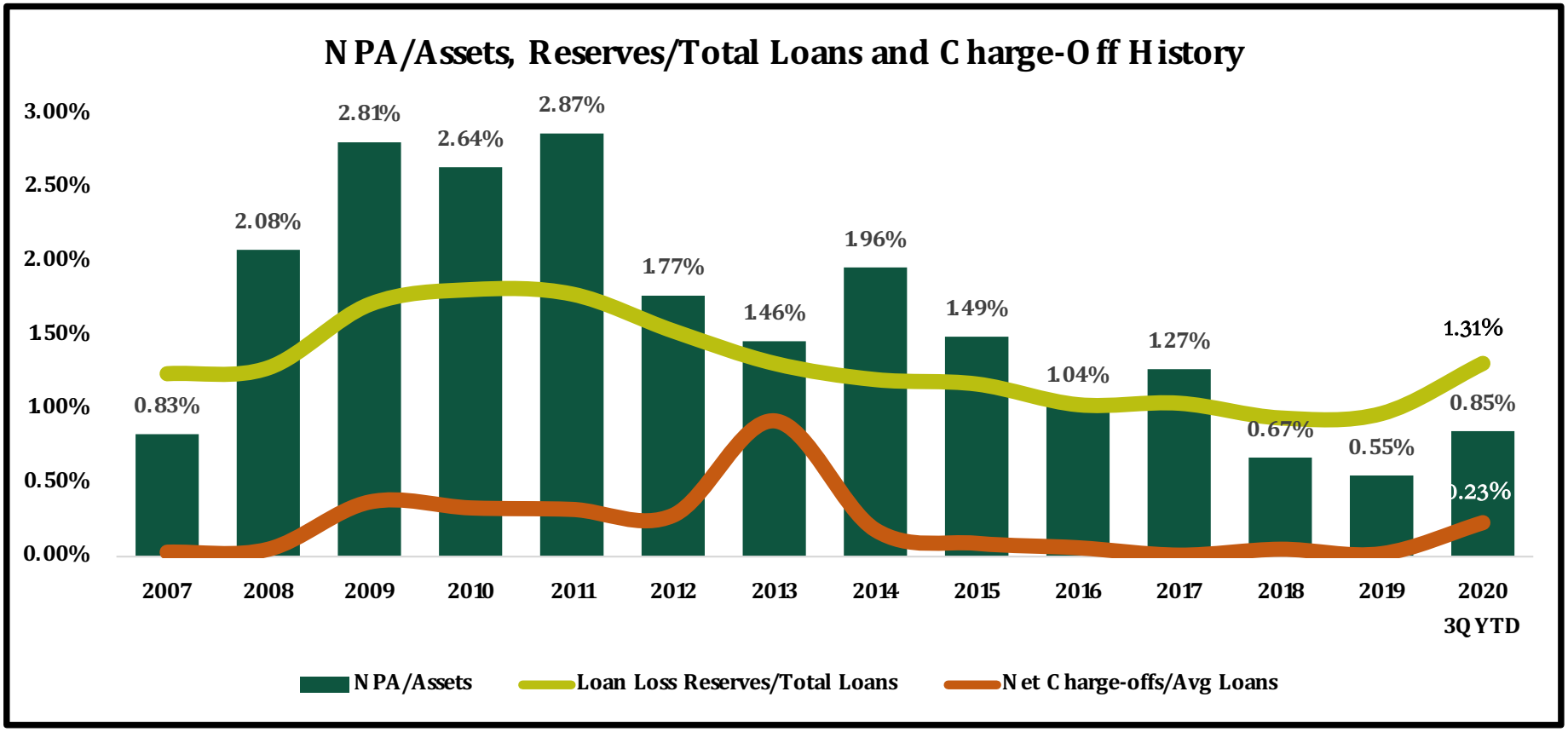
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Net Income Trends



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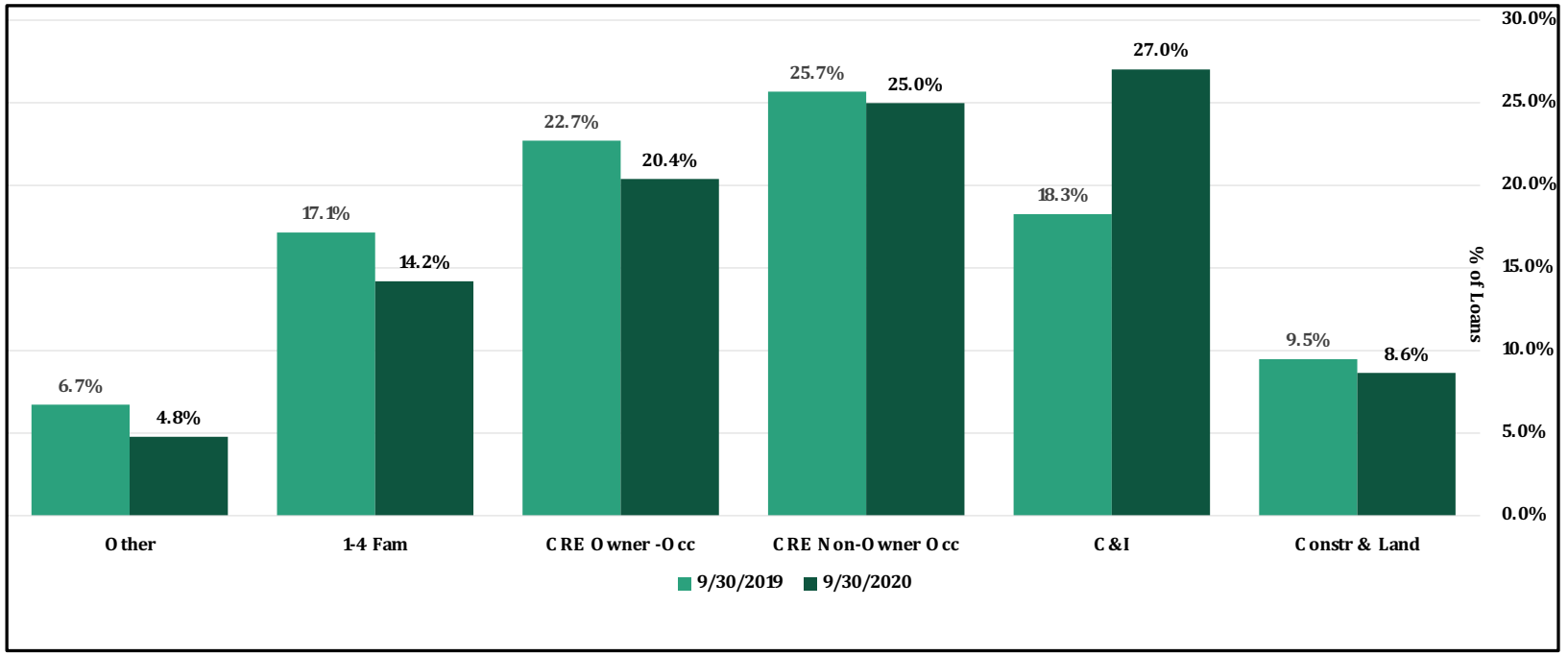
Asset Quality Trends

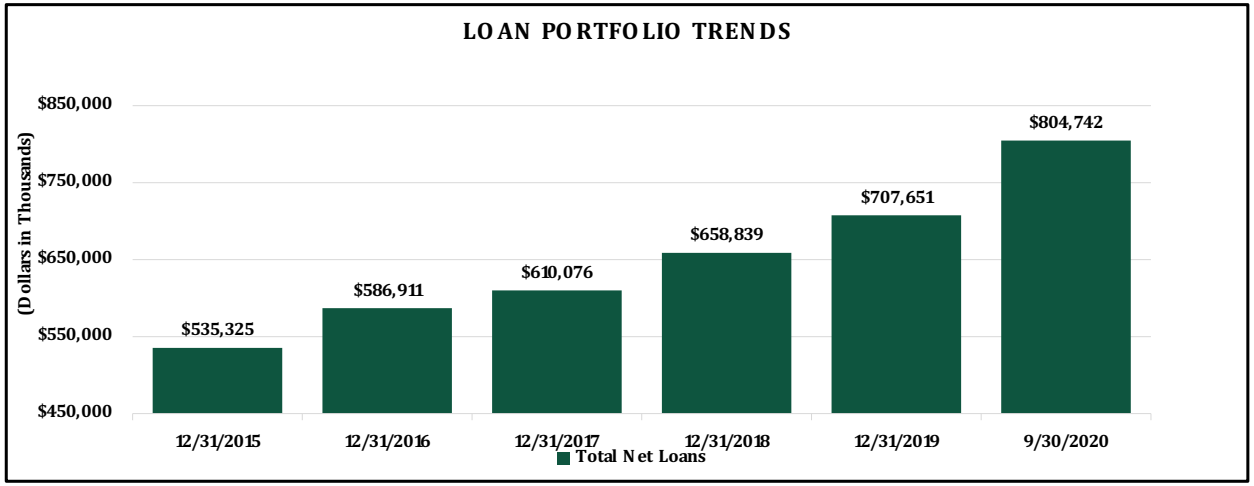


At September 30, 2020, reserves/total loans was 1.53% excluding PPP loans.

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Loan Portfolio





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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**
- 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

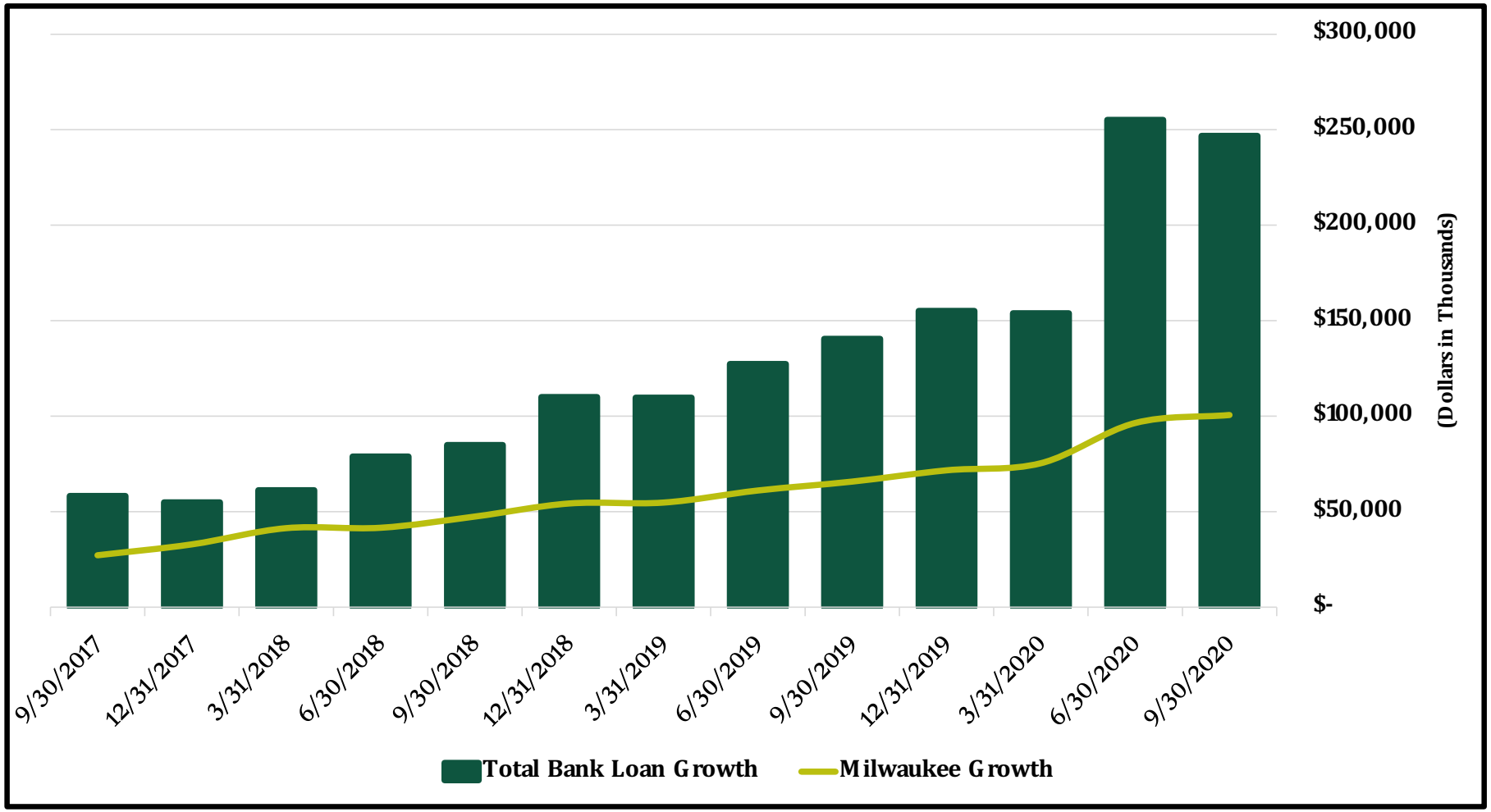
PSB Holdings, Inc. PPP Production

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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

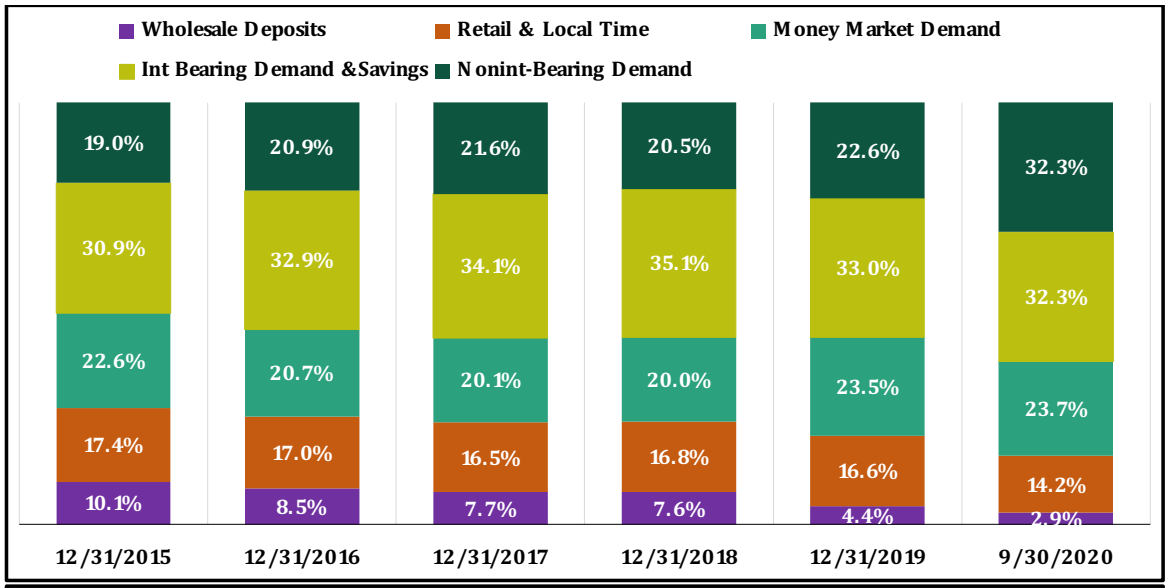
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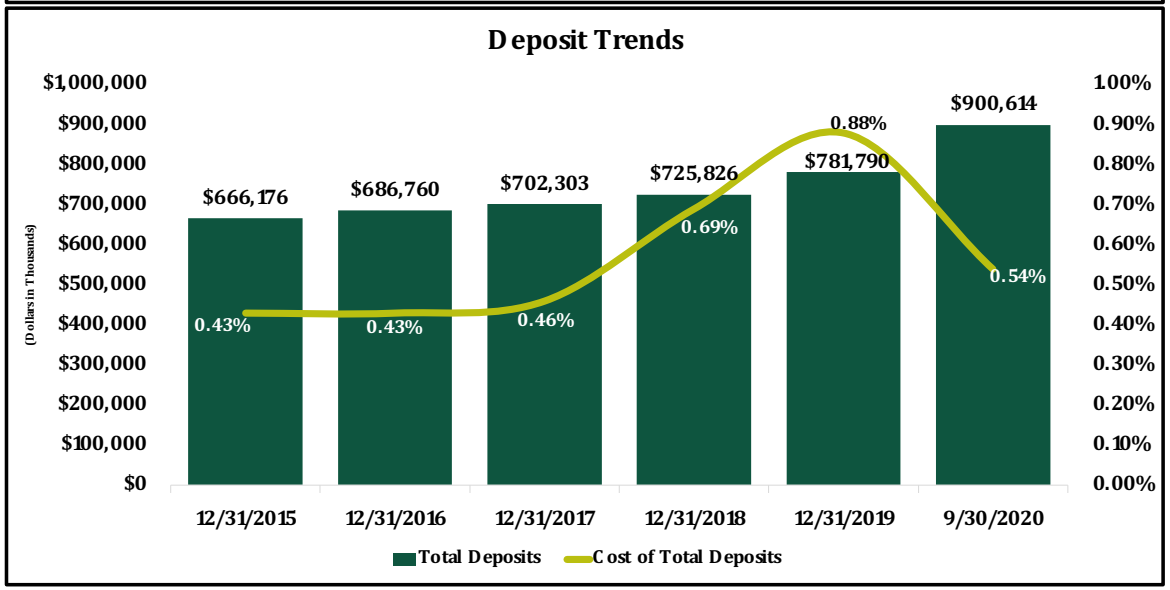
Milwaukee



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Deposit Portfolio





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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

Areas of Potential Acquisition Opportunities



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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	$707,651	$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%
Tang. Book Value/Share	$13.72	$15.08	$16.28	$17.98	$20.72	$22.73
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	11.5	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%

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Investment Appeal

Value Investment With Core P/E Ratio Well Below Peers

Extended History of Delivering Double Digit Returns on Tangible Equity

Efficient Franchise With Significant Market Presence in Each Branch Market Area

Ample Prospective Acquisition Roll-Up Opportunities in WI, Subject to Accretive Pricing

Management Focused on Increasing Share Liquidity