PSB Holdings, Inc.

"PSBQ"

RAYMOND JAMES®

Raymond James Virtual US Bank Conference

September 8-9, 2021

PSB Holdings, Inc.
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Cautionary Note Regarding Forward-Looking Statements

Certain matters discussed in this presentation, 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, merger and acquisition activity, 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 presentation. Among other things, these risks and uncertainties include the strength of the economy, the effects of government policies, including, in particular, interest rate policies, the benefits and risks associated with acquisition activities, and other risks and assumptions. Risk and uncertainties also include the effect of the COVID-19 pandemic, including the bank's credit quality and business operations, as well as its impact on general economic and financial market conditions. PSB Holdings, Inc. assumes no obligation to update or supplement forward-looking statements that become untrue because of events subsequent to this release.

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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 30 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 and has held several divisional and sales management roles in regional and national banks. He is currently a board member of the Wisconsin Woodchucks baseball team and past director of The Women's Community, Inc. 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

Company Overview

- PSB Holdings, Inc. ($1.25 billion in assets) is the parent company of Peoples State Bank headquartered in Wausau, Wisconsin, serving north central and southeastern Wisconsin from ten full-service banking locations. In north central Wisconsin, PSB Holdings, Inc. has the leading community bank market share in deposits.
- On April 16, 2021, PSB Holdings, Inc. completed the acquisition of Waukesha Bankshares, Inc., a 2-branch operation in the western Milwaukee, WI market. The two branches will be consolidated into one branch.
- Peoples also provides investment and insurance products, along with retirement planning services, through Peoples Wealth Management, with gross commissions of approximately $1.4 million annually.
- PSB Holdings, Inc. is traded under the stock symbol "PSBQ" on the OTCQX – Best Market Exchange.

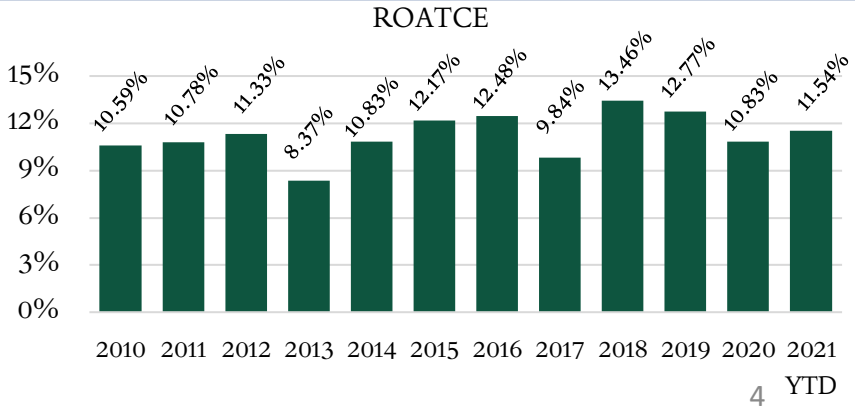
Financial Highlights

($ in Millions)	2018	2019	2020	YTD 6/30
Total Assets	$916	$975	$1,132	$1,255
Total Loans	659	708	822	865
Total Deposits	726	782	932	1,032
Total Equity	81	93	104	108
ROAA	1.19%	1.22%	1.01%	1.02%
ROATCE	13.46	12.77	10.83	11.54
Efficiency Ratio	60.82	59.11	54.17	62.98
NPA/Assets	0.67	0.55	0.90	1.07
NCO/Avg Loans	0.05	0.02	0.21	0.01

Award Winning Service

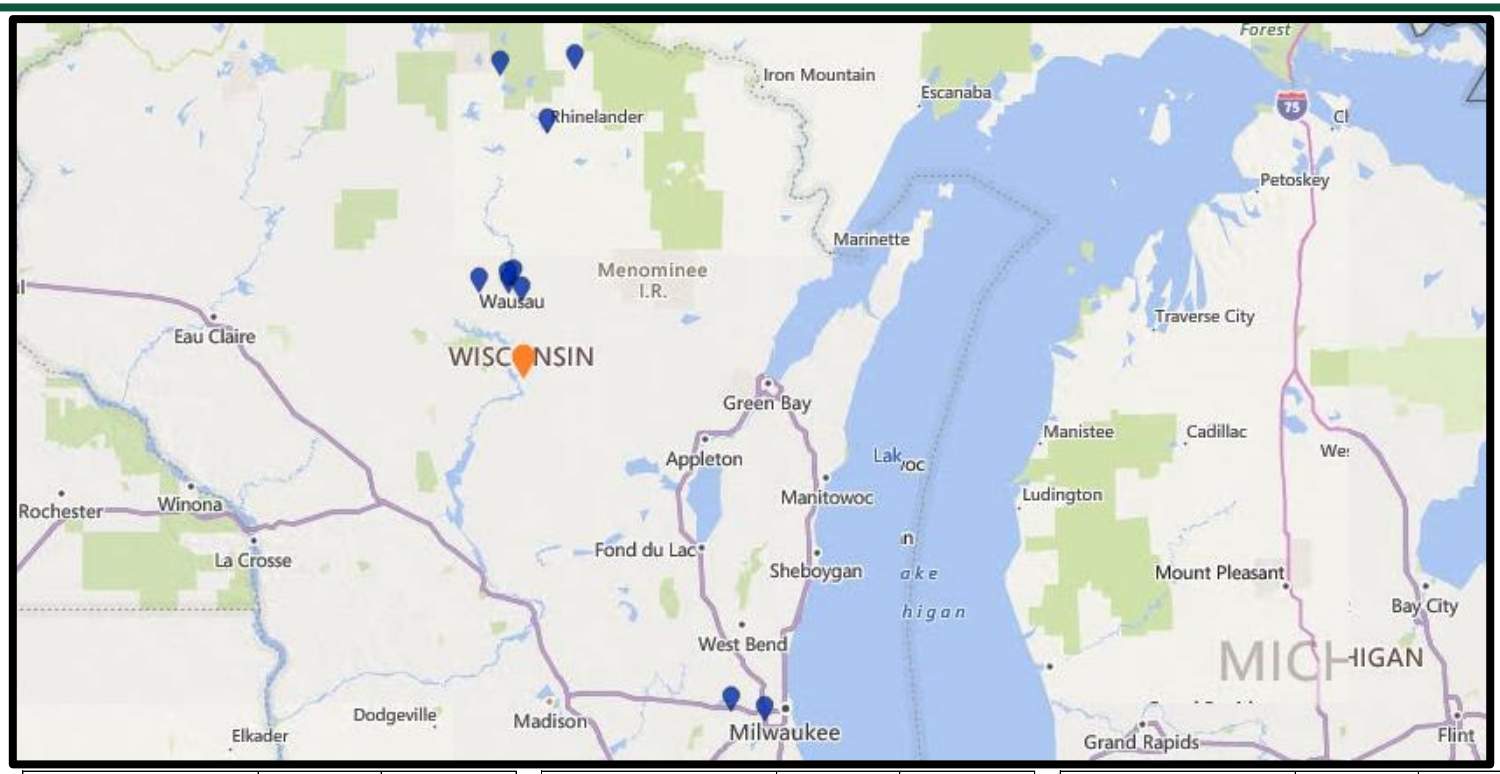
- **Shareholder focused** – American Banker Magazine "Top 200 Community Banks" list in 2021 for 12 consecutive years
- **Customer focused** – Peoples State Bank voted "Best Bank in Marathon County" by readers of the Wausau Daily Herald for the past 10 years
- **Employee focused** – American Banker Magazine voted "Best Bank to Work For" by its staff for the past 3 years

History of Returns



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Branch Locations



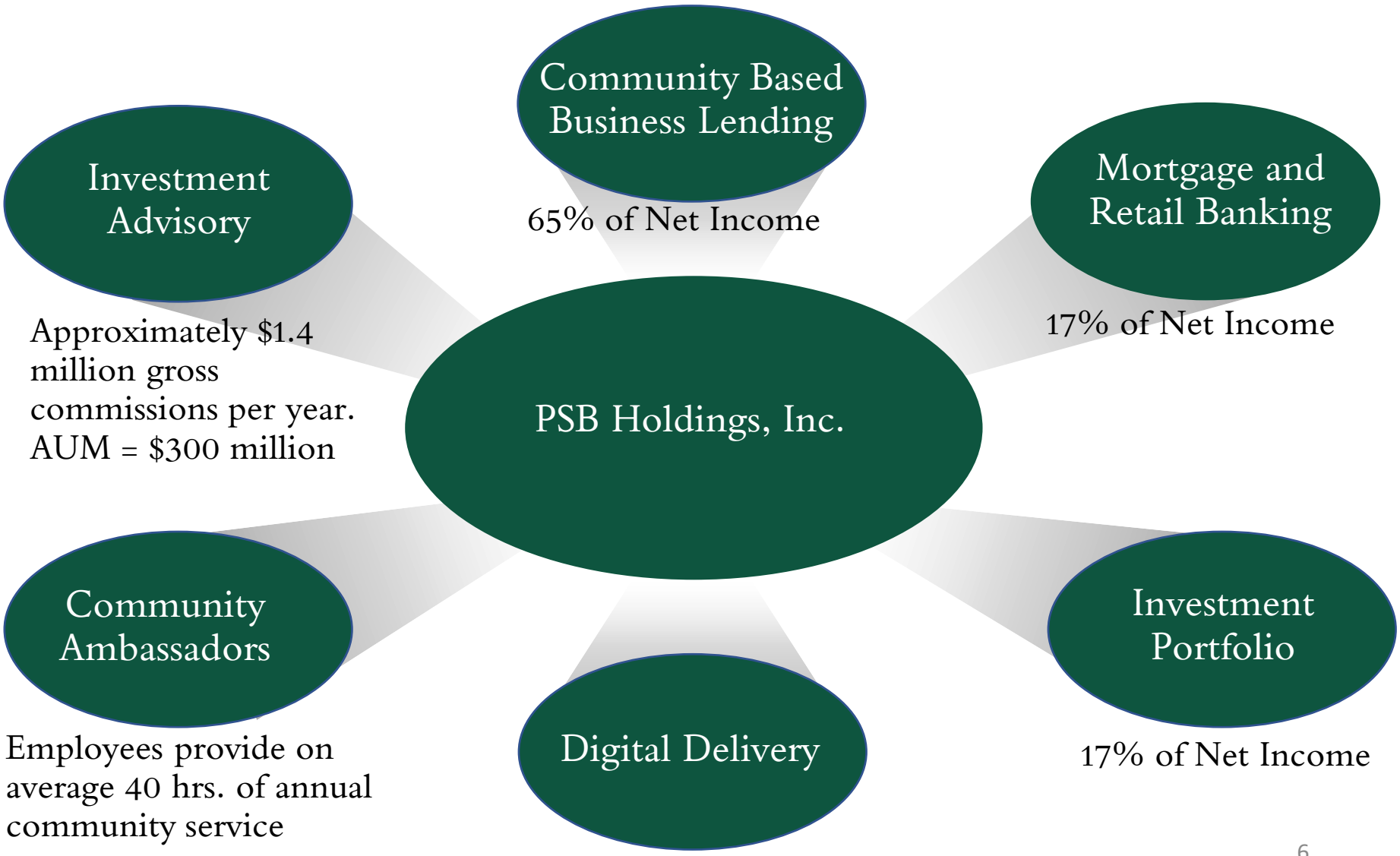
Marathon County		6/30/2021
Address	City	Deposits ($000)
1905 Stewart Ave	Wausau	$376,170
314 Main St	Marathon	$110,112
1201 6th St	Wausau	$61,376
7205 Stone Ridge Dr	Weston	$58,394
2904 Rib Mountain Dr	Wausau	$64,188
Marathon County Total		**$670,240**

Northern Wisconsin		6/30/2021
Street Address	City	Deposits ($000)
8 E Anderson St	Rhinelander	$127,928
9560 Hwy 70	Minocqua	$52,839
1011 E Wall St	Eagle River	$52,101
Northern Wisconsin Total		**$232,868**

Milwaukee MSA		6/30/2021
Street Address	City	Deposits ($000)
10725 W. National	West Allis	**$18,753**
521 W Sunset Dr	Waukesha	$116,609
Milwaukee MSA		**$135,362**

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Community Reach



Regular digital delivery & cybersecurity investments

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Asset Quality Trends

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

($000)

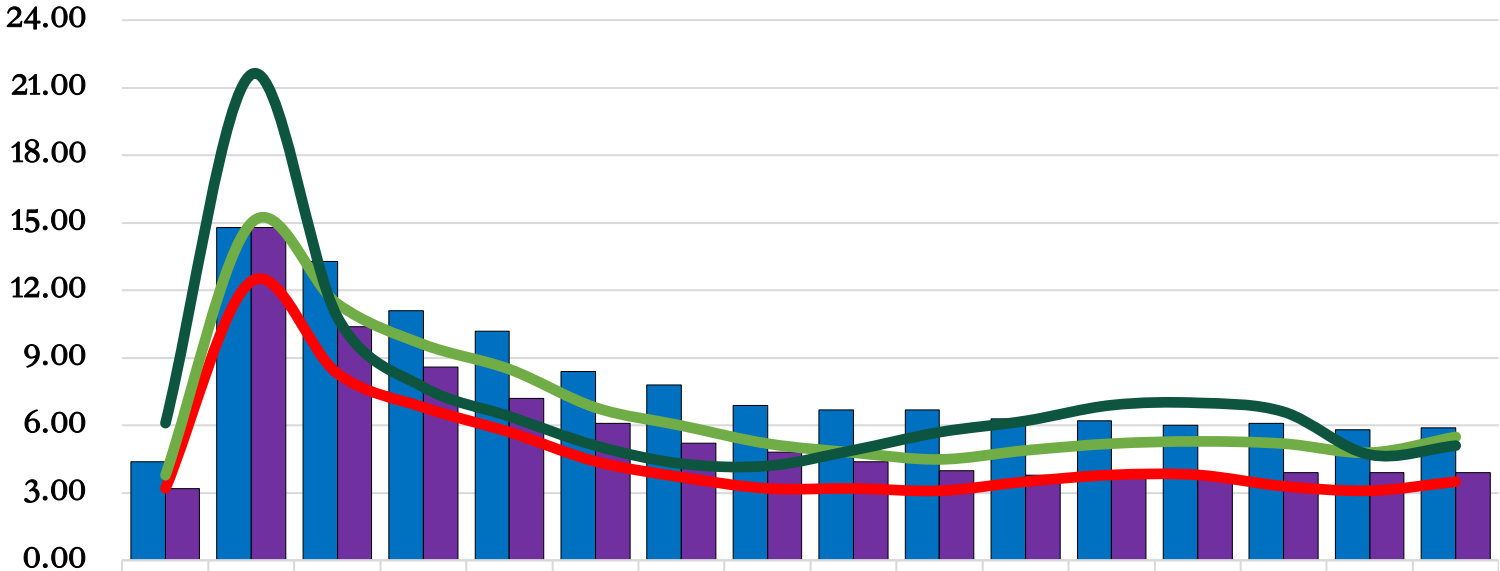
Risk Rating		12/2018	12/2019	03/2020	06/2020	09/2020	12/2020	03/2021	06/2021
Rating 1	"High Quality"	$ -	$ -	$ 71	$ 55	$ -	$ -	$ -	$ -
Rating 2	"Minimal Risk"	85,382	57,904	59,101	72,601	56,337	61,223	62,626	60,155
Rating 3	"Average Risk"	323,627	349,002	324,378	374,709	391,195	390,191	348,102	345,929
Rating 4	"Acceptable Risk"	79,271	128,932	123,296	154,302	155,738	175,400	209,407	209,728
Rating 5	"Watch Risk"	15,551	15,933	33,999	54,522	46,603	36,379	30,891	39,577
Rating 6	"Substandard Risk"	489	2,568	2,732	4,545	2,162	7,617	18,134	6,377
Rating 7	"Impaired Loans"	8,707	5,518	7,811	6,130	10,164	13,153	16,162	15,522
		$ 513,027	**$ 559,857**	**$ 551,388**	**$ 666,864**	**$ 662,199**	**$ 683,963**	**$ 685,322**	**$ 677,288**

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



	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
United States	4.4	14.8	13.3	11.1	10.2	8.4	7.8	6.9	6.7	6.7	6.3	6.2	6.0	6.1	5.8	5.9
Wisconsin	3.2	14.8	10.4	8.6	7.2	6.1	5.2	4.8	4.4	4.0	3.8	3.8	3.8	3.9	3.9	3.9
Marathon	3.2	12.4	8.3	6.8	5.7	4.4	3.7	3.2	3.2	3.1	3.5	3.8	3.8	3.3	3.1	3.5
Milwaukee	3.8	15.0	11.4	9.6	8.5	6.8	6.0	5.2	4.8	4.5	4.9	5.2	5.3	5.2	4.8	5.5
Vilas County	6.1	21.6	10.8	7.7	6.4	5.1	4.3	4.2	4.9	5.7	6.2	6.9	7.0	6.6	4.7	5.1

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Business Model Strengths

Consistent History of Strong Earnings and Asset Growth
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

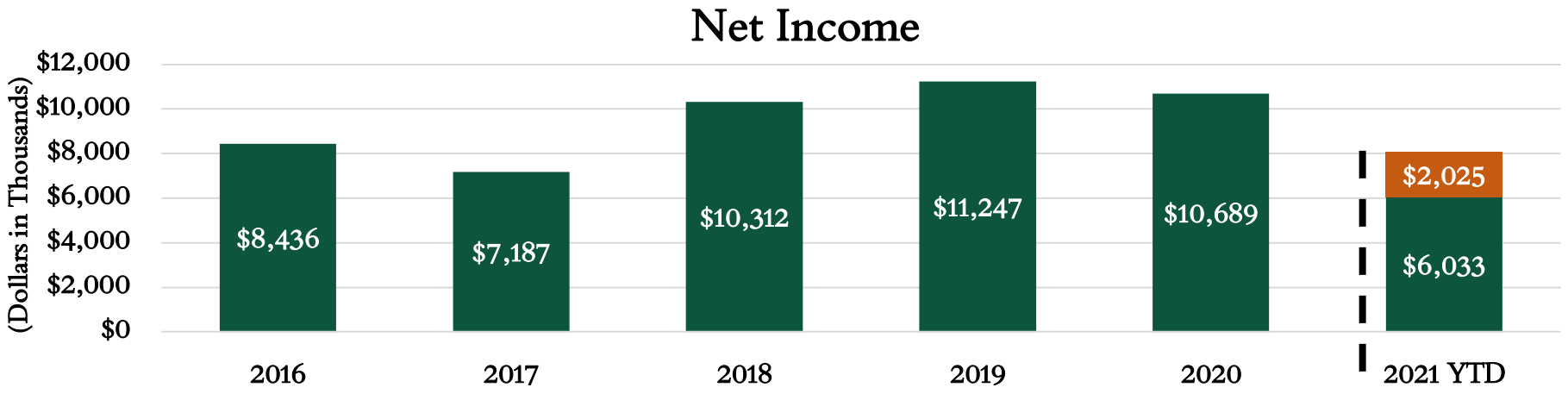
Recent and Expected Growth in Milwaukee Market
LPO office converted into branch in 2020 and Waukesha Bankshares acquisition in 2021

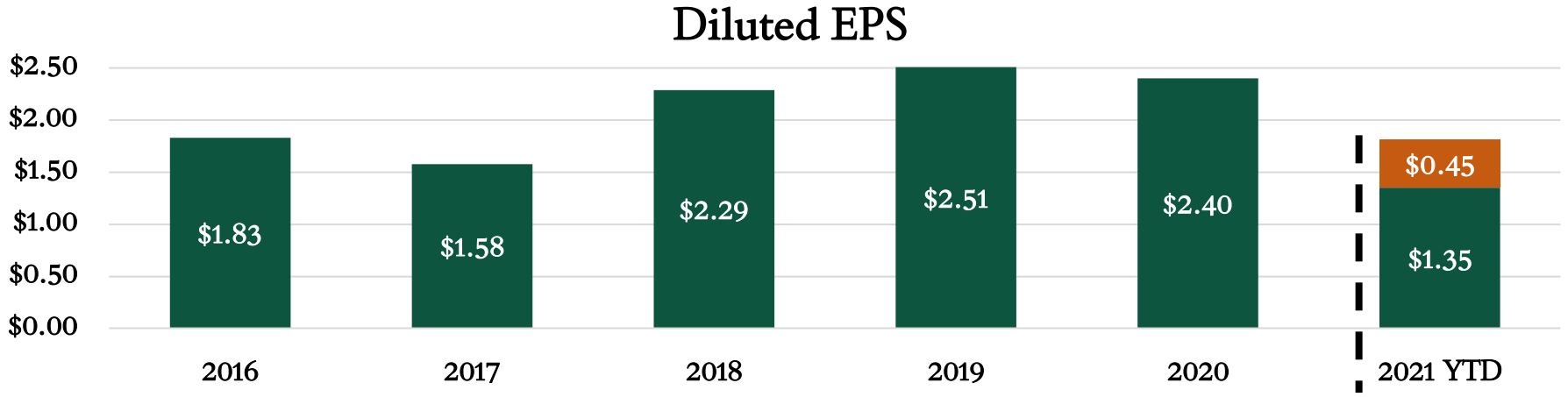
Diversified Non-Interest Income > 25% of Net Interest Income
Mortgage banking, investment advisory and service fees have supported consistent revenues

Asset Quality Has Remained Strong
Conservative underwriting standards have consistently delivered minimal charge-offs.
Long term performance, including during 2008 financial crisis, was better than industry averages.

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Net Income Trends

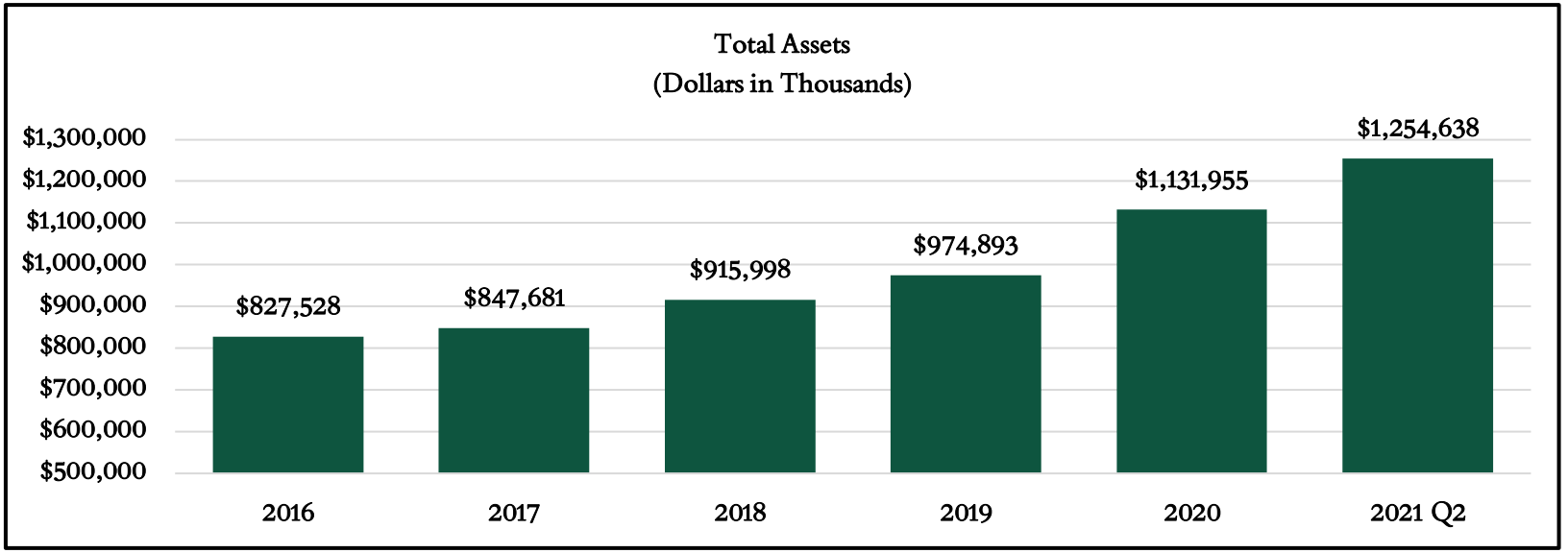


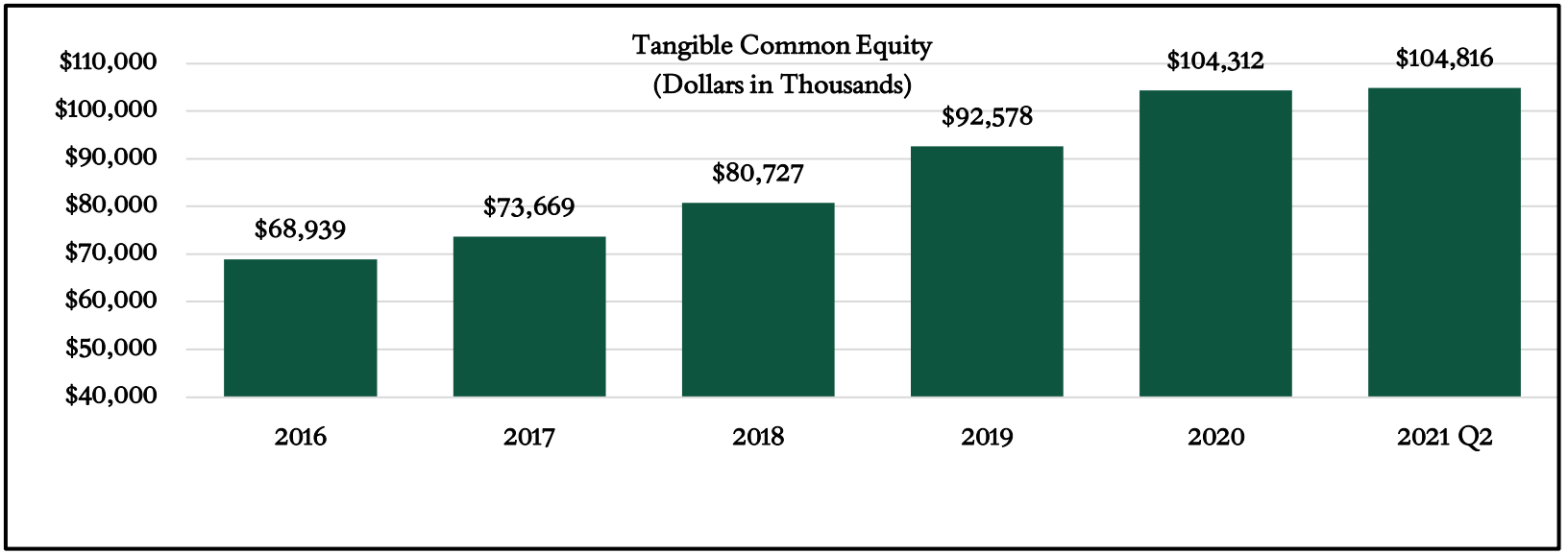


Reflects impact of after-tax merger expenses. Excluding after-tax merger expenses, YTD net income would have been $8.1 million and YTD EPS would have been $1.80

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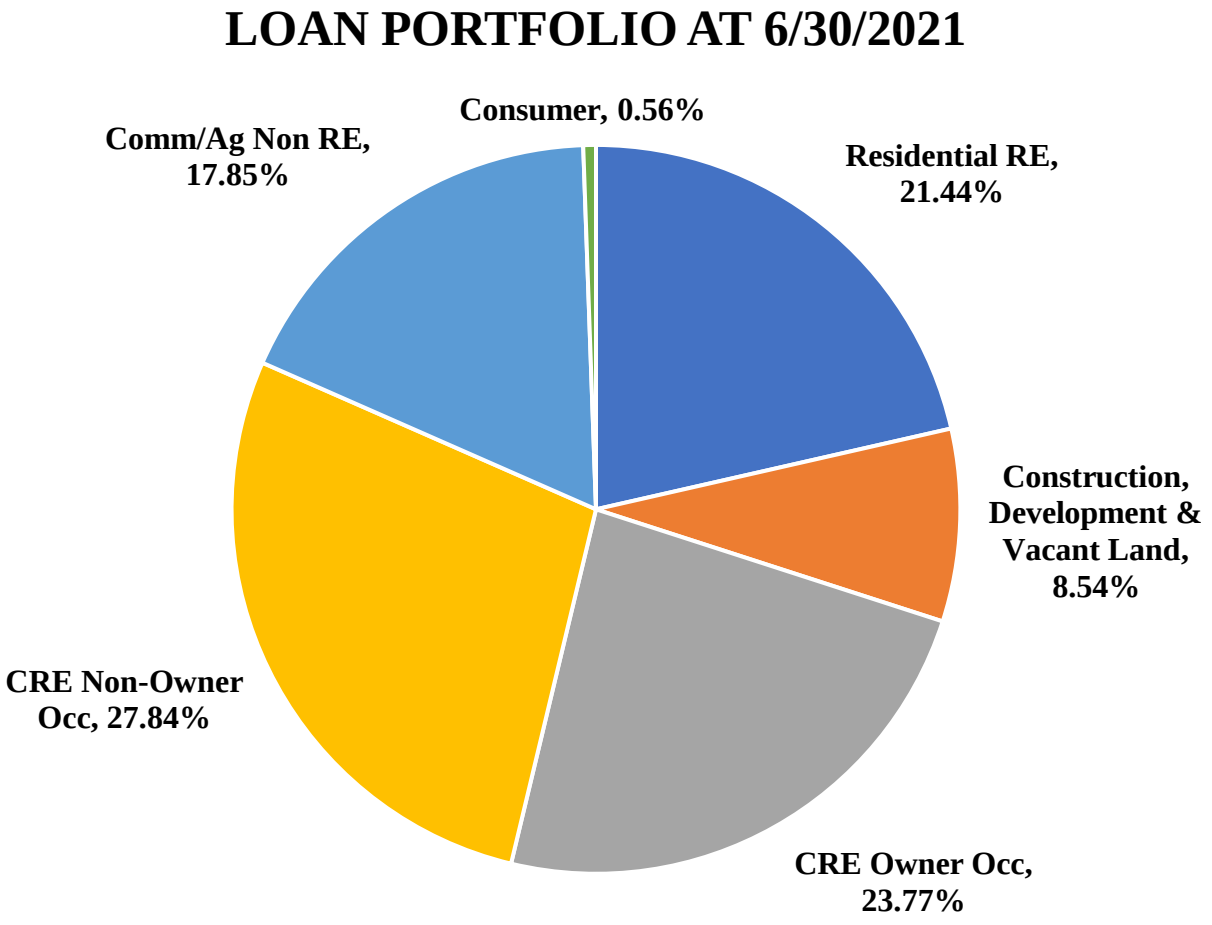
Balance Sheet Trends





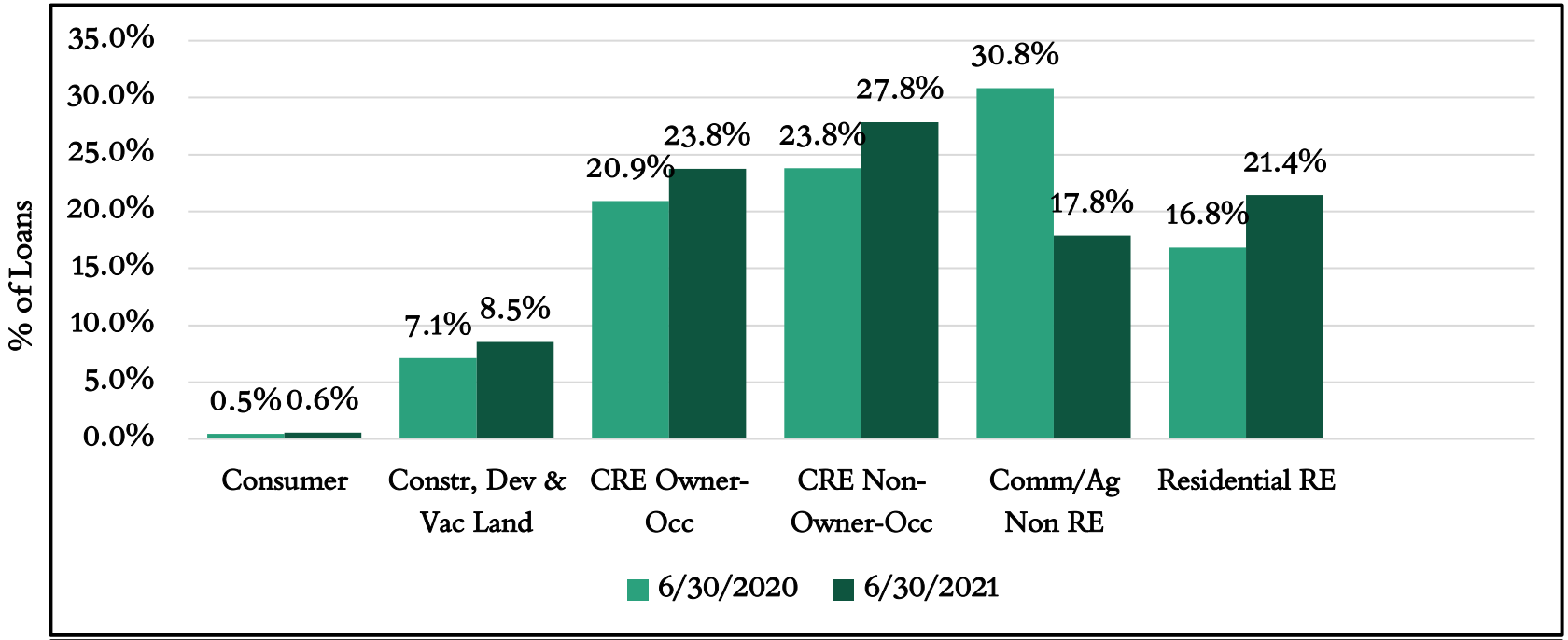
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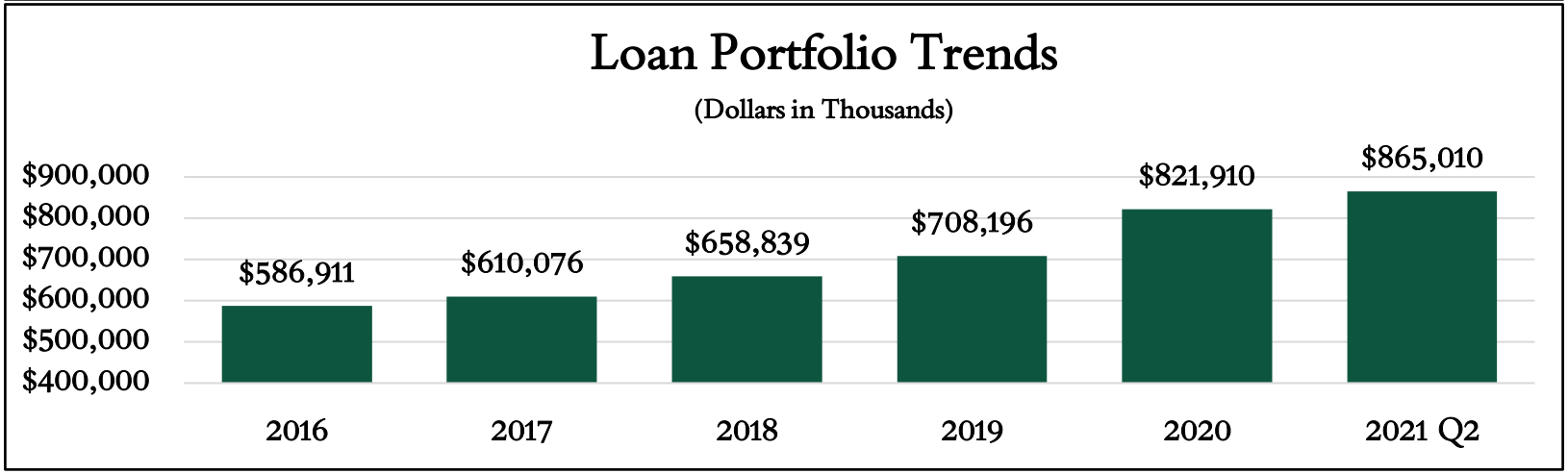
Loan Portfolio



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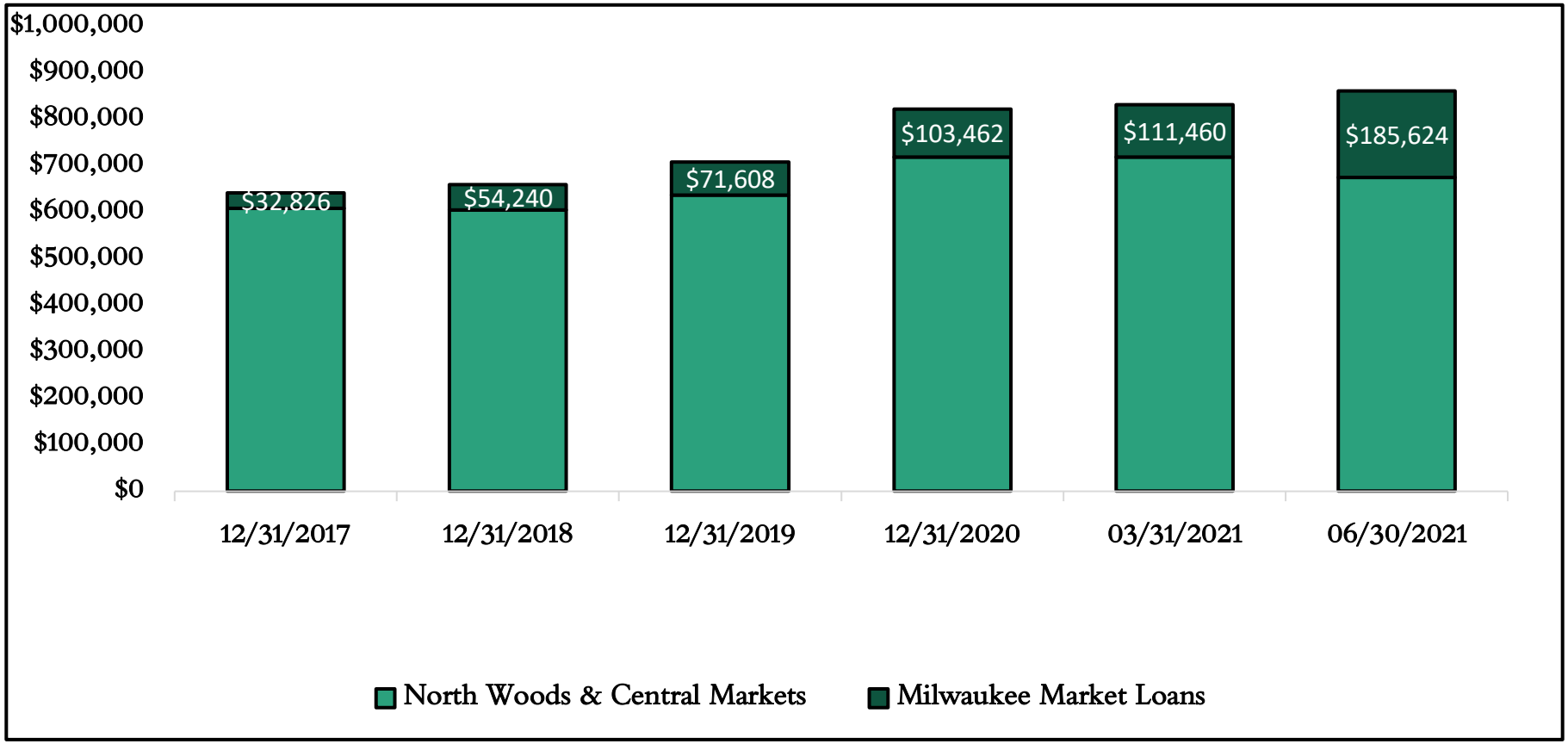
Loan Portfolio





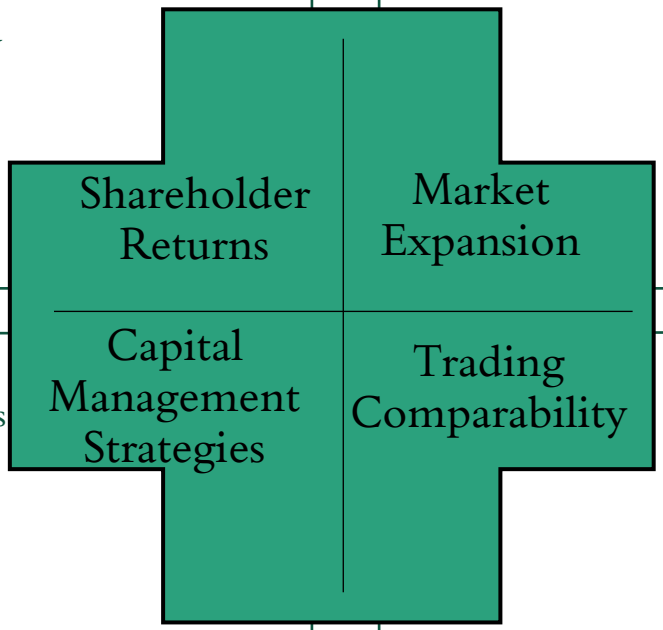
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Milwaukee



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Shareholder Value Strategies



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

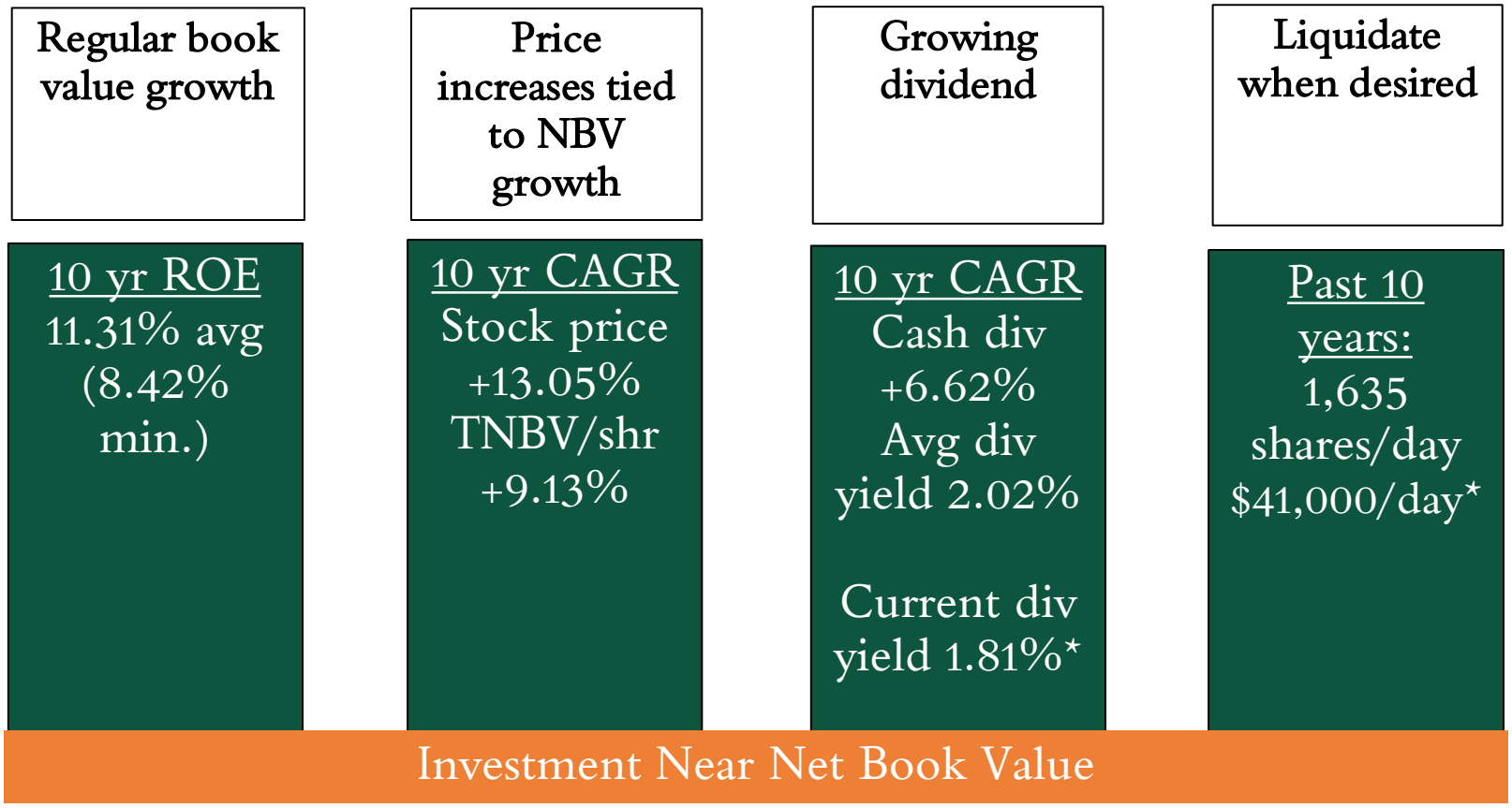
The Wisconsin Banking Market is Expected to Continue Consolidating
- There are 71 banks in WI with assets between $150M and $500M

Capital Management Strategies may include:
- Stock repurchases
- Dividend increases
- Debt Issuance for growth
- Transformative M&A

Market Pricing Metrics Reflect P/E Discount Despite:
- Consistent strong return on tangible capital
- History of tangible net book value growth
- Large unallocated reserves on loan portfolio

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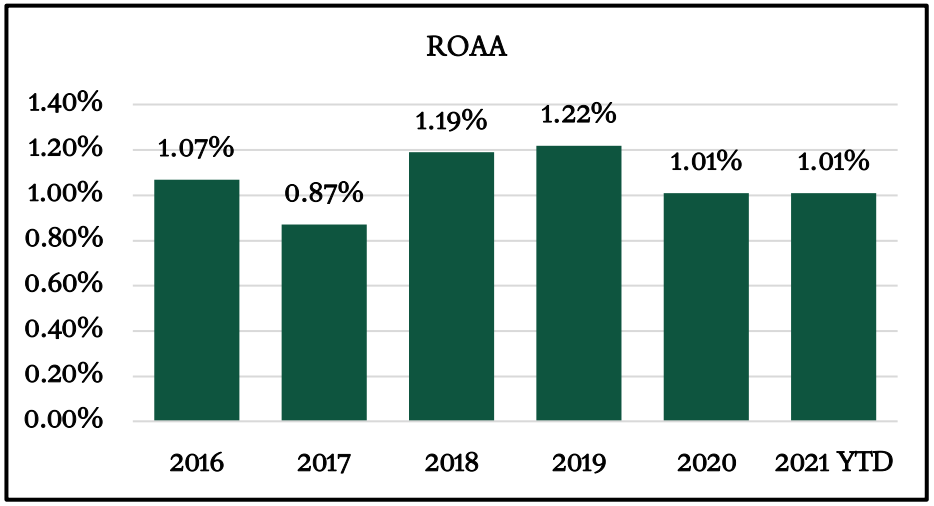
Shareholder Value Strategies

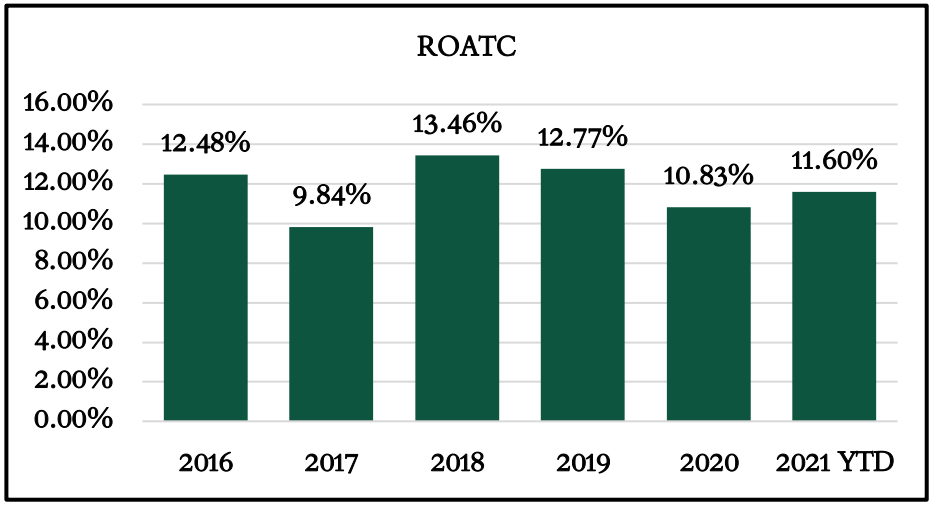


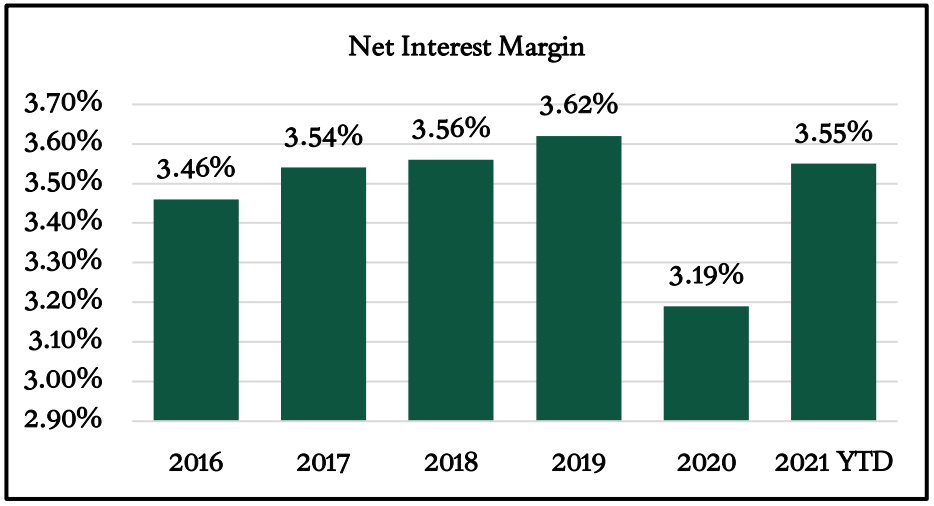
*based on Sept 2, 2021 share price

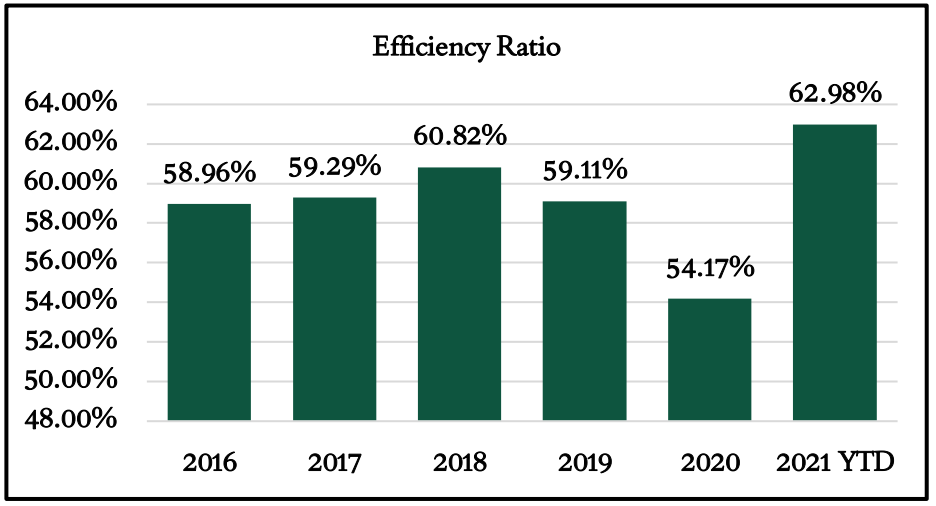
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Earnings Trends



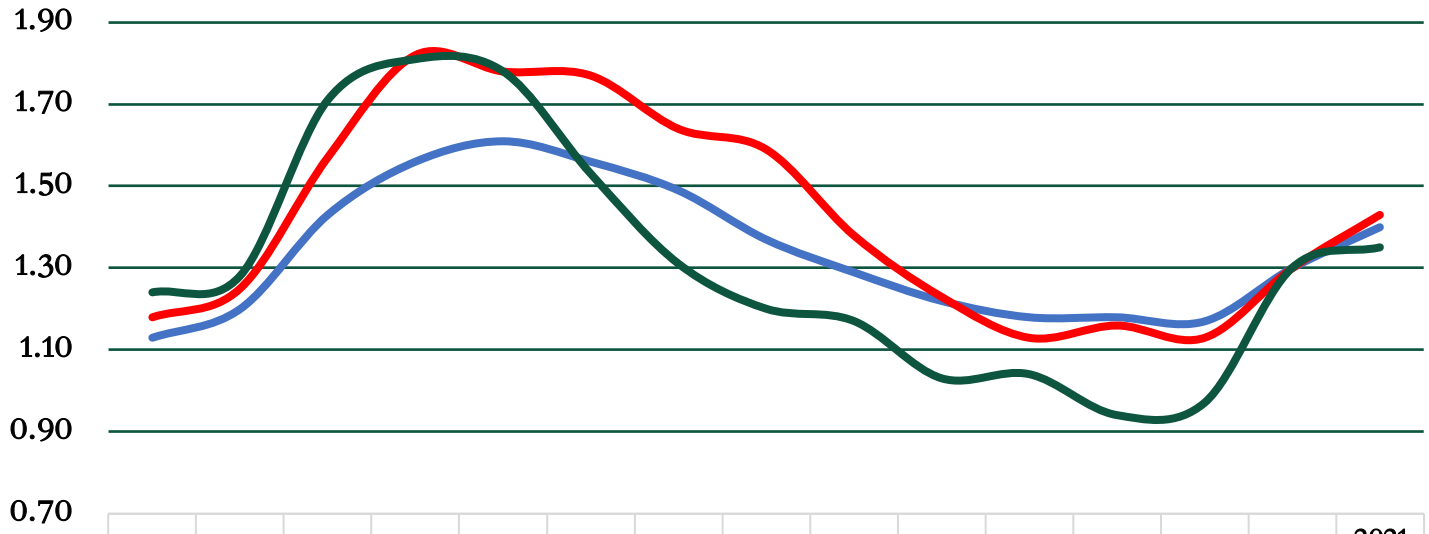






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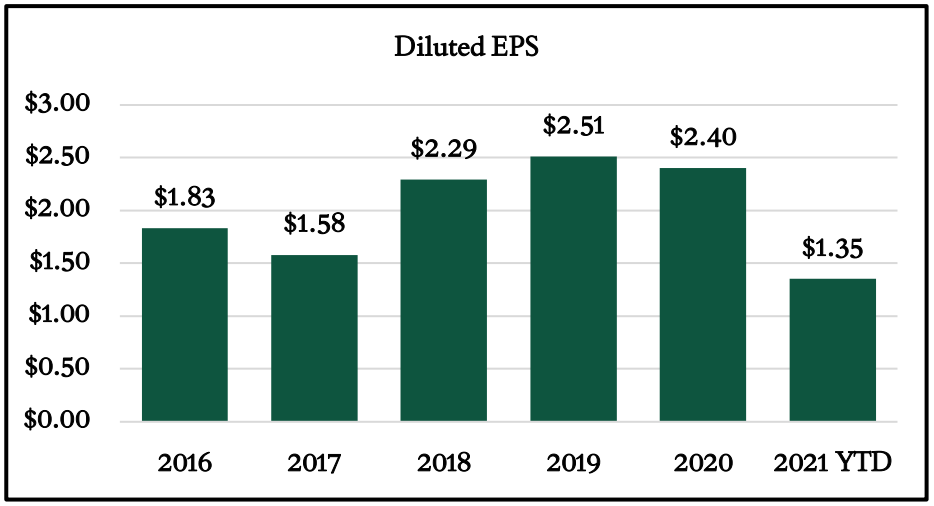
Loan Loss Reserves

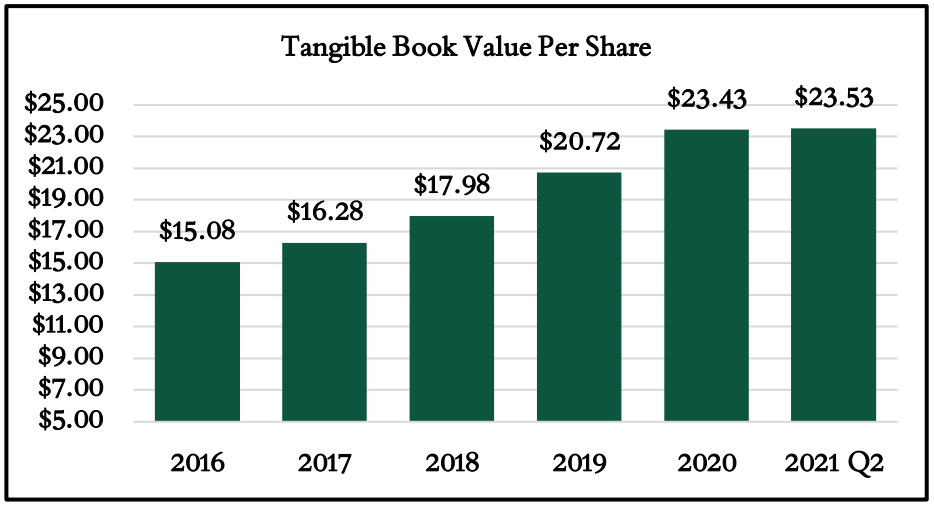


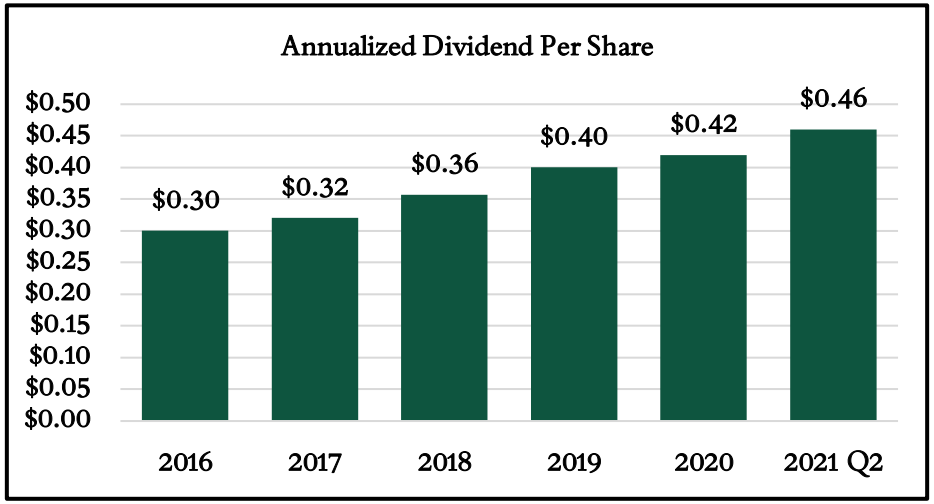
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 Q2
MW Banks Between $500M & $5B	1.13	1.20	1.43	1.56	1.61	1.56	1.49	1.37	1.29	1.22	1.18	1.18	1.17	1.30	1.40
Wisc Banks Between $500M & $5B	1.18	1.25	1.57	1.82	1.78	1.77	1.64	1.59	1.38	1.23	1.13	1.16	1.13	1.30	1.43
Peoples State 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	1.30	1.35

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Per Share Trends

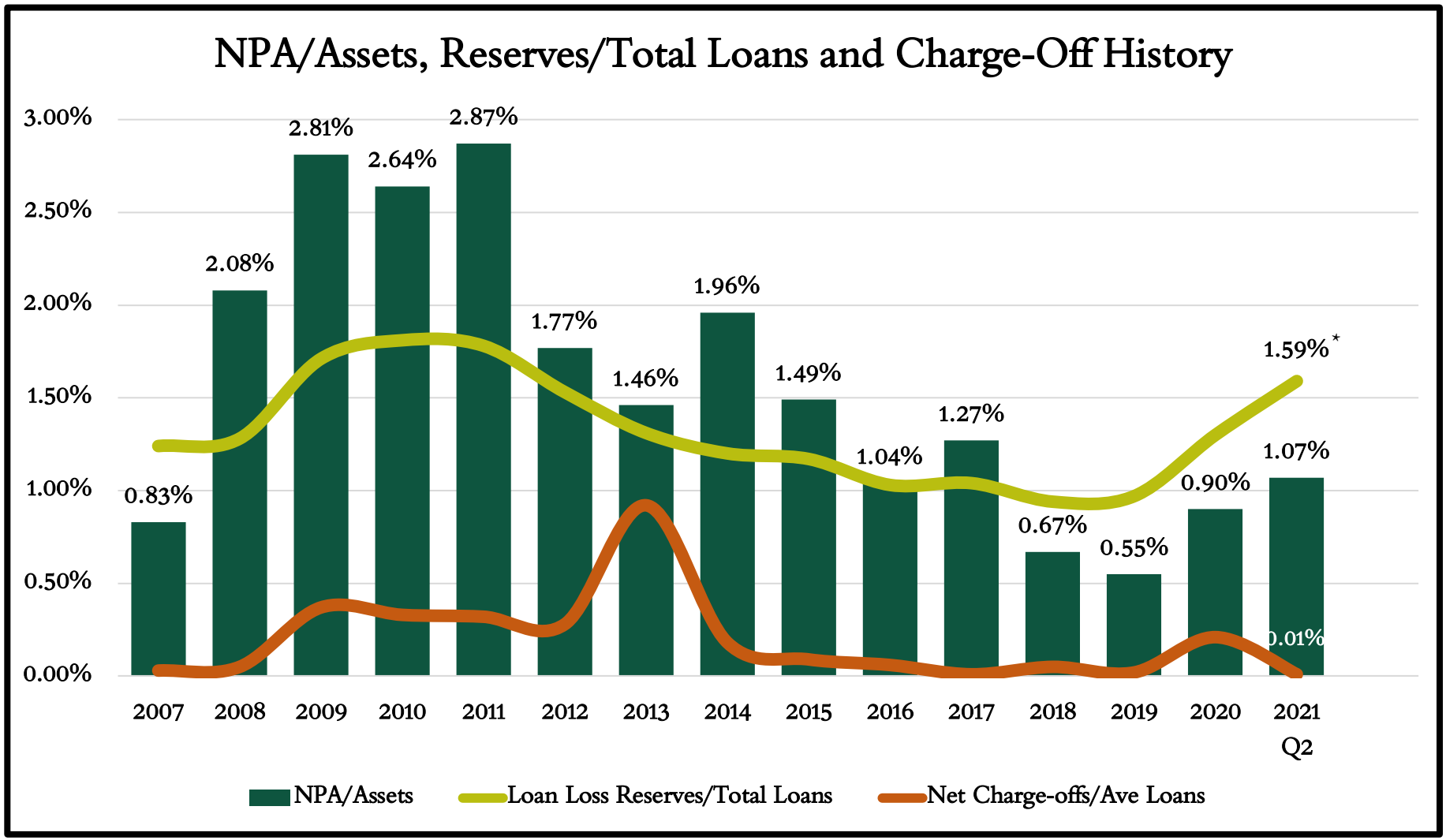






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Asset Quality Trends



At June 30, 2021 reserves/total loans were 1.44% excluding PPP loans and USDA guaranteed loans.

* Excludes guaranteed USDA, PPP loans and purchased loans which were marked-to-market at acquisition.

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Paycheck Protection Program ("PPP")

People State Bank's Response By The Numbers:

Round 1

- PPP Loans Approved: 736
- Total Dollars Deployed: $116.9 Million
- Current Balance: $7.5 Million
- Remaining Net Deferred Fees ($000): $ 132,000

Round 2

- PPP Loans Approved: 268
- Total Dollars Deployed: $34.5 Million
- Current Balance $33.8 Million
- Acquired PPP loans from Sunset Savings $ 2.2 Million
- Remaining Net Deferred Fees ($000): $1,074,000

June 30, 2021 Balance

- PPP Loans Approved: 1,004
- Total Dollars Deployed: $151.4 Million
- Current Balance $43.5 Million
- Remaining Net Deferred Fees ($000): $1,206,000

PSB Holdings, Inc. PPP Earnings Impact

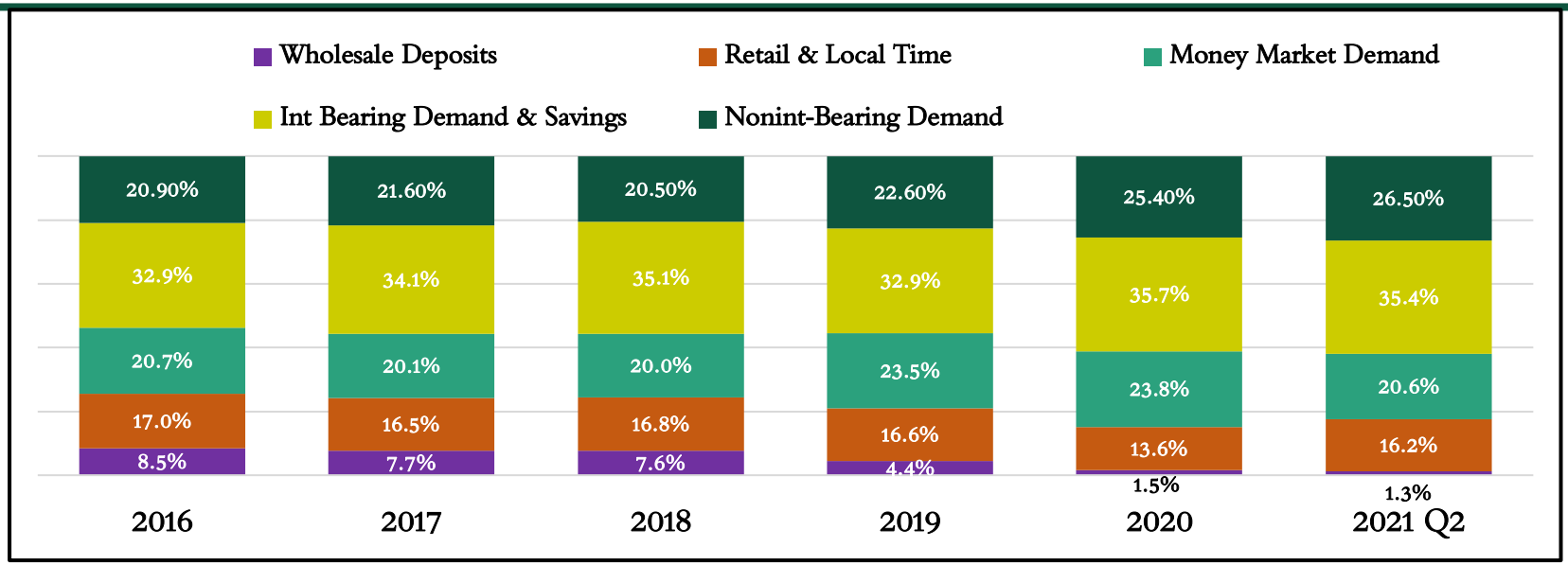
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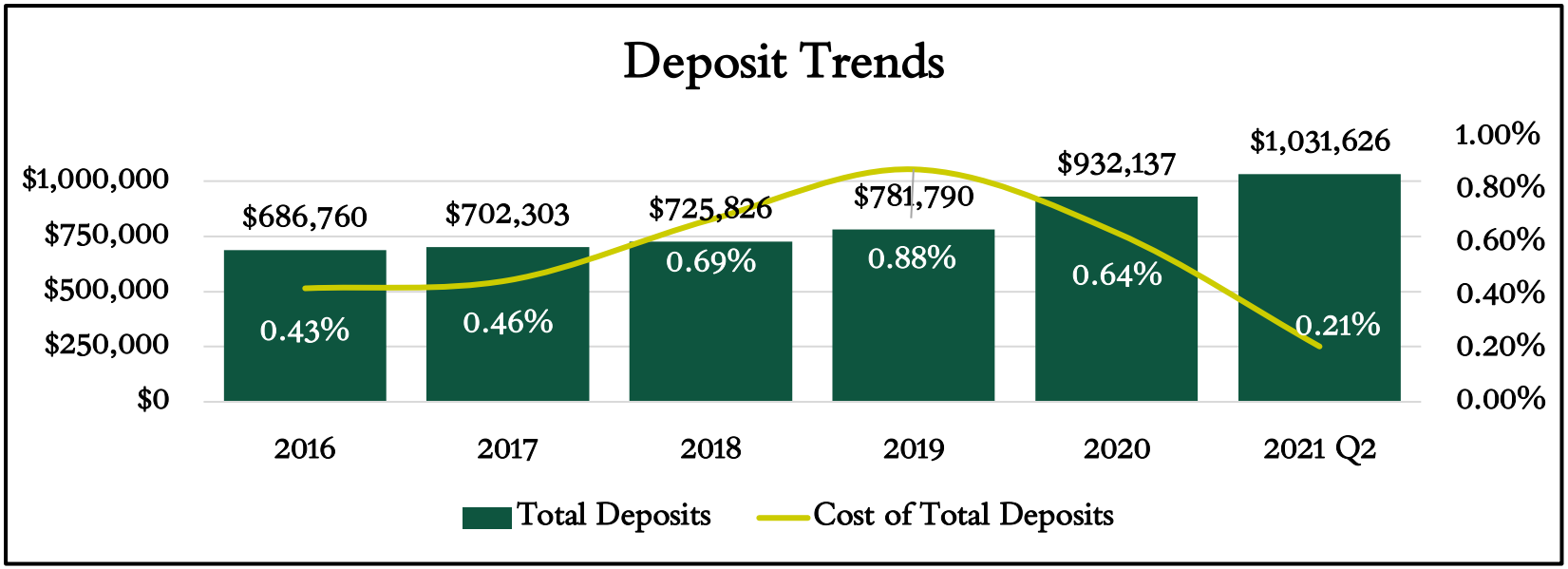
PSB Holdings, Inc.
Consolidated Statements of Income

(dollars in thousands, except per share data - unaudited)	Quarter Ended Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Year Ended December 2020	2019
Interest and dividend income:							
Loans, including fees	$ 8,923	$ 7,646	$ 7,624	$ 7,773	$ 7,968	$ 31,810	$ 34,477
PPP loans, including fees	1,049	1,796	747	295	207	1,249	
Securities	1,098	1,040	1,071	1,087	1,116	4,555	5,052
Total interest and dividend income	11,070	10,482	9,442	9,155	9,291	37,614	39,529
Total interest expense	907	886	1,011	1,261	1,528	5,735	8,246
Net interest income	10,163	9,596	8,431	7,894	7,763	31,879	31,283
Provision for loan losses	-	1,000	675	1,300	1,800	5,575	850
Net interest income after provision for loan losses	10,163	8,596	7,756	6,594	5,963	26,304	30,433
Total noninterest income	2,299	2,749	2,991	2,929	3,138	11,413	7,661
Other noninterest expense	7,030	6,577	6,461	6,096	5,740	24,627	23,296
Merger Costs	2,685						
Deferred Costs PPP loans	(108)	(377)	-	(22)	(861)	(883)	
Total noninterest expense	9,607	6,200	6,461	6,074	4,879	23,744	23,296
Income before provision for income taxes	2,855	5,145	4,286	3,449	4,222	13,973	14,798
Provision for income taxes	718	1,249	1,034	812	1,032	3,284	3,551
Net income	$ 2,137	$ 3,896	$ 3,252	$ 2,637	$ 3,190	$ 10,689	$ 11,247
Basic earnings per share	$ 0.48	$ 0.88	$ 0.73	$ 0.59	$ 0.72	$ 2.40	$ 2.51
Diluted earnings per share	$ 0.48	$ 0.87	$ 0.73	$ 0.59	$ 0.72	$ 2.40	$ 2.51

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Deposit Portfolio



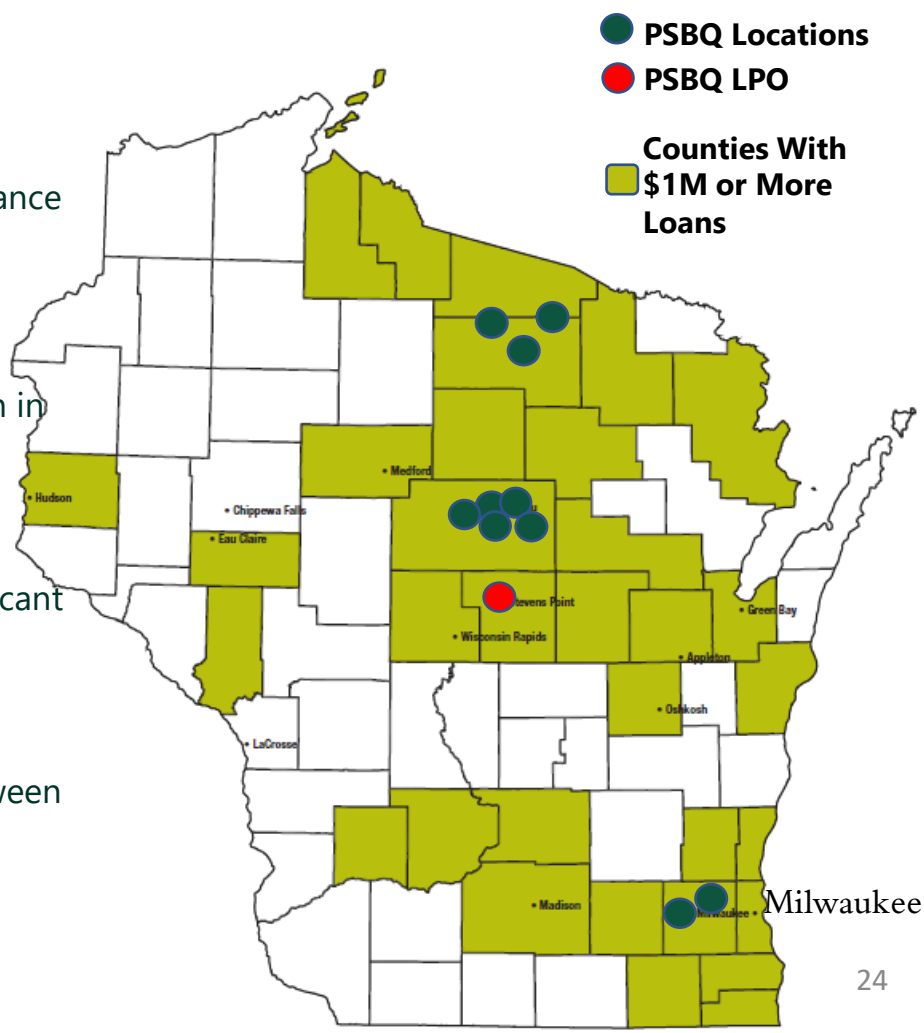


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Disciplined Acquisition Strategy

- 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 $140 million bank in 2021, $41 million branch in 2014, and $107 million bank in 2012
- Maintain disciplined approach to target markets
  - Markets with accelerated growth opportunities
  - Adjacent rural markets with low-cost deposits and significant expense reduction potential
  - Targeting TNBV earn-back within 4-year range
- Seller and Size Criteria
  - Banks with commercial growth potential with assets between $150 million and $500 million seeking cash
  - Merger of equals resulting in NASDAQ listing and SEC registration if culture and markets fit

Areas of Potential Acquisition Opportunities



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Key Data at a Glance

(Dollars in Thousands)	2016	2017	2018	2019	2020	2021 YTD
Total Assets	$827,528	$847,681	$915,998	$974,893	$1,131,955	$1,254,638
Total Loans	$586,911	$610,076	$658,839	$708,196	$821,910	$865,010
Total Deposits	$686,760	$702,303	$725,826	$781,790	$932,137	$1,031,626
Tangible Common Equity	$68,939	$73,669	$80,727	$92,578	$104,312	$104,816
ROAA	1.07%	0.87%	1.19%	1.22%	1.01%	1.02%
ROATCE	12.48%	9.84%	13.46%	12.77%	10.83%	11.54%
EPS	$1.83	$1.58	$2.29	$2.51	$2.40	$1.35
Tangible Book Value Per Share	$15.08	$16.28	$17.98	$20.72	$23.43	$23.53
Annualized Dividends Per Share	$0.300	$0.320	$0.357	$0.400	$0.420	$0.460
Price	$19.67	$23.17	$22.50	$28.00	$20.57	$25.40
Market Capitalization ($000)	$90,025	$104,751	$100,978	$125,082	$91,583	$113.56
Price/LTM EPS	10.8	14.7	9.8	11.1	8.6	9.5
Price/Tangible Book	130.4%	142.3%	125.1%	135.1%	87.8%	107.95%
Dividend Yield	1.53%	1.38%	1.59%	1.43%	2.04%	1.81%

PSB Holdings, Inc. "PSBQ"

Investment Appeal

Value Investment With Core P/E Ratio Well Below Peers

Extended History of Delivering Double Digit Returns on Tangible Equity, Building Tangible Book Value

Efficient Franchise With Significant Market Presence in Each Branch Market Area

Ample Organic Growth Opportunities and Acquisition Roll-Up Opportunities Subject to Accretive Pricing

Management Focused on Increasing Share Liquidity

Appendix

Waukesha Bancshares and its subsidiary, Sunset Bank & Savings, Acquisition

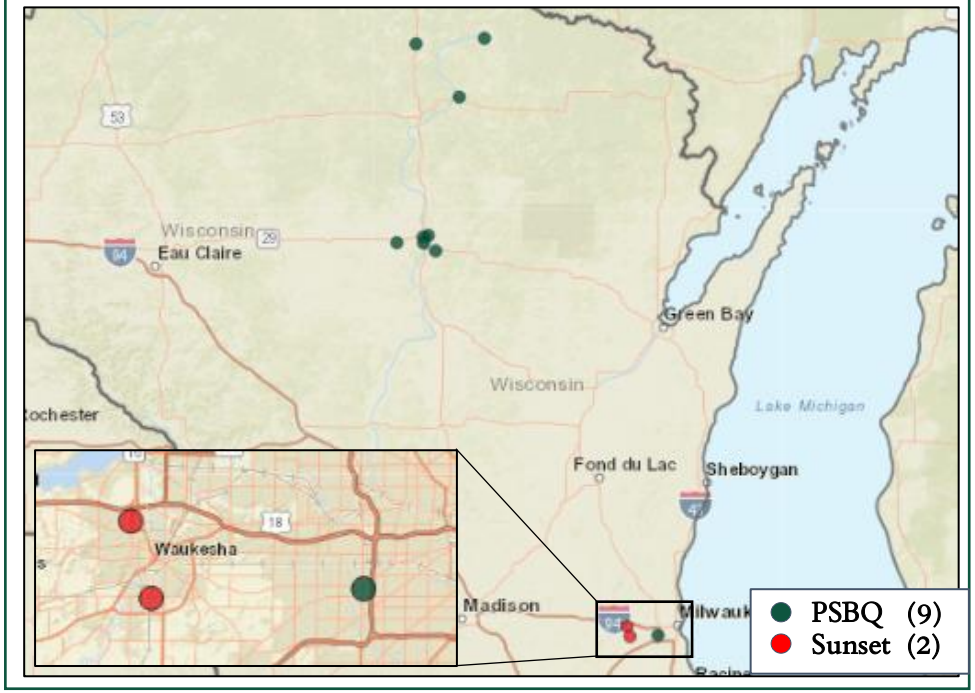
PSB Holdings, Inc. "PSBQ"

Sunset Bank & Savings

Historical Financials

(Dollars in thousands)	2017	2018	2019	2020
Balance Sheet				
Total Assets	127,333	127,073	130,563	136,473
Total Loans HFI	93,799	100,467	95,598	89,224
Total Deposits	108,499	105,838	113,341	119,112
Loans / Deposits (%)	87	95	86	78
Capital Position				
Total Equity	15,359	15,567	15,616	16,045
Tang. Common Equity	15,359	15,567	15,616	16,045
TCE Ratio (%)	12.1	12.3	12.0	11.8
Leverage Ratio (%)	10.7	11.3	10.7	10.6
Profitability				
Net Income	(350)	487	324	678
ROAA (%)	(0.27)	0.38	0.25	0.50
ROATCE (%)	(2.2)	3.2	2.1	4.3
Efficiency Ratio (%)	84	85	90	82
Net Interest Margin (%)	3.73	3.58	3.23	3.20
Asset Quality and LLR				
NPAs / Assets (%)	3.21	2.30	1.60	1.06
LLR / Gross Loans (%)	0.87	0.91	0.90	1.08

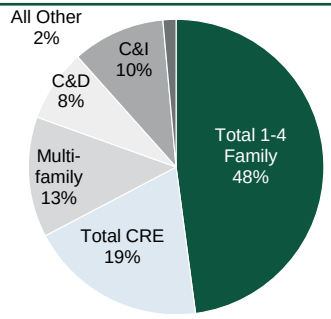
Pro Forma Branch Map



Loan Composition

(Dollars in thousands)

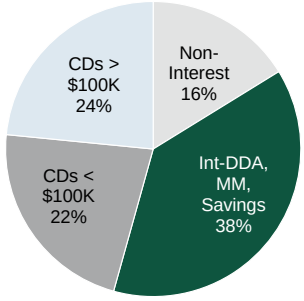
Loan Type	Balance	%
Total 1-4 Family	44,555	48%
Total CRE	18,051	19%
Multi-family	12,273	13%
C&I	9,453	10%
C&D	7,368	8%
All Other	1,330	2%
Total	**93,030**	**100%**
Yield on Loans		**5.08%**



Deposit Composition

(Dollars in thousands)

Deposit Type	Balance	%
Non-Interest	19,307	16%
Int-DDA, MM, Savings	45,399	38%
CDs < $100K	26,491	22%
CDs > $100K	27,915	24%
Total	**119,112**	**100%**
Cost of Total Deposits		**0.85%**



Note: Bank level financial data as of December 31, 2020; loan yields and deposit costs as of MRQ
Source: S&P Global Market Intelligence

PSB Holdings, Inc.
"PSBQ"

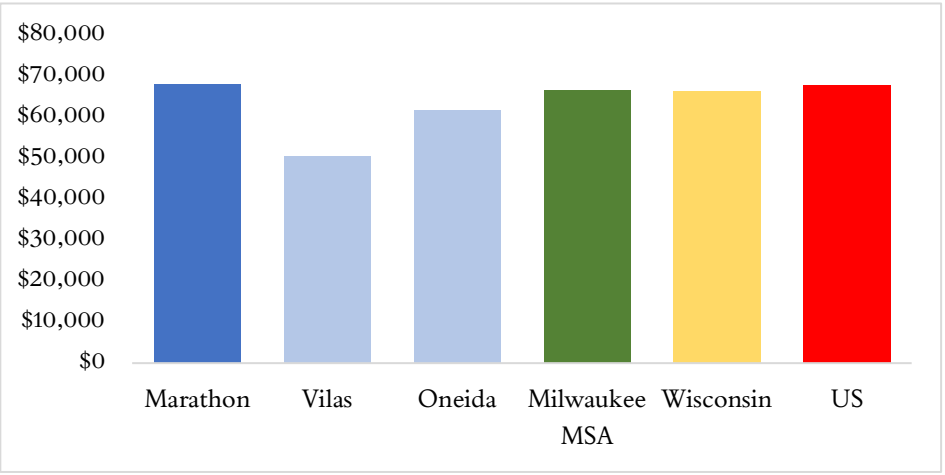
Sunset Bank & Savings Acquisition Rationale

- Doubled PSBQ's presence in Milwaukee market to approximately $250 million in assets after starting a de-novo loan production office in 2016
- Established a meaningful presence in Waukesha County, which consistently shows strong banking demographics
- Further leveraged PSBQ's early 2020 retail staff investment in its West Allis branch by adding an existing retail customer base. Recently hired a 20-year seasoned commercial banker away from local bank.
- 40% Cost Savings to be Realized by December 31, 2021.
- Further opportunity to increase investment advisory revenue in Milwaukee MSA.
- Currently employ 12 commercial employees and 17 retail banking employees in Milwaukee and continue to recruit additional lenders in the foreseeable future.

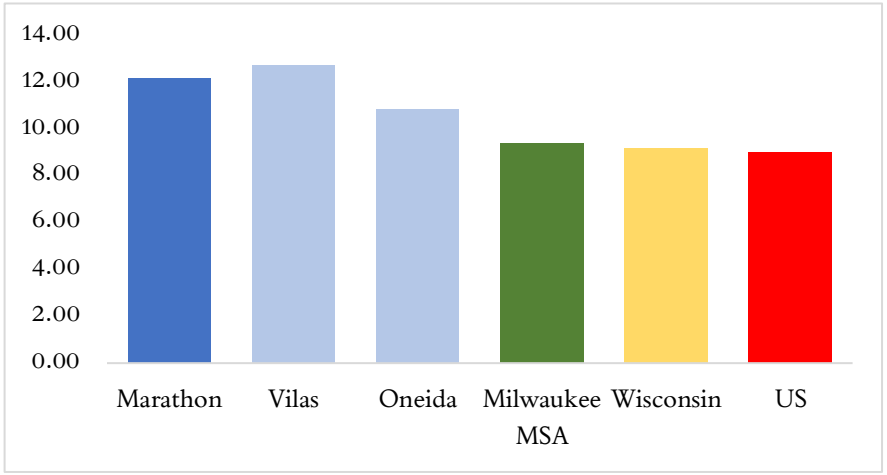
PSB Holdings, Inc.
"PSBQ"

Strong Demographics

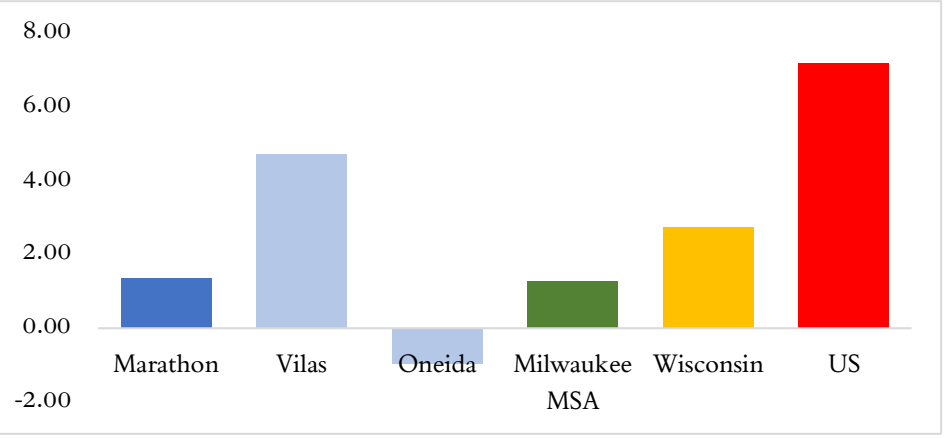
Median Household Income



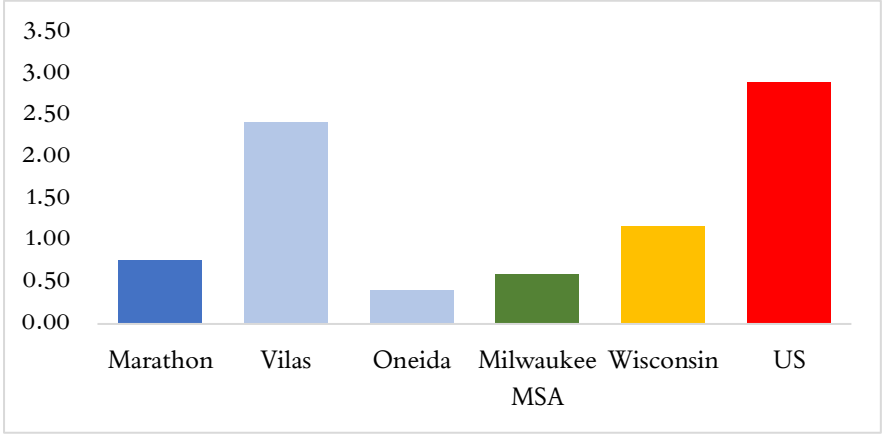
% of HH w/ Income >$100k



'10 - '21 % Population Change



'21 - '26 % Projected Population Change



Note: Demographic data is calculated based on weighted average of deposits in each respective market by county
Source: S&P Global Market Intelligence; demographic data is from a report issued by Claritas, LLC based primarily on US Census data

PSB Holdings, Inc.
"PSBQ"

Loan Growth since April 2016

