PSB Holdings, Inc.

"PSBQ"

RAYMOND JAMES

Raymond James Virtual Conference

February 23, 2022

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.



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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Who We Are Today

Company Overview

- PSB Holdings, Inc. ($1.3 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 deposit market share. PSB Holdings, Inc. ticker is PSBQ and is traded on the OTCQX.
- During 2021, PSB Holdings, Inc. completed the acquisition of Waukesha Bankshares, Inc., providing an additional branch location in a traditionally strong Wisconsin banking growth market.
- Peoples provides investment and insurance products, along with retirement planning services, through Peoples Wealth Management, with gross commissions of nearly $2 million during 2021. Peoples commercial banking ranked #1 in Wisconsin for SBA 504 lending through WBD, Inc.

Financial Highlights

($ in Millions)	2018	2019	2020	2021
Total Assets	$916	$975	$1,132	$1,299
Total Loans	659	708	822	879
Total Deposits	726	782	932	1,105
Total Equity	81	93	104	111
ROAA	1.19%	1.22%	1.01%	1.03%
ROATCE	13.46	12.77	10.83	11.87
Efficiency Ratio	60.82	59.11	54.17	56.90
NPA/Assets	0.67	0.55	0.90	1.06
NCO/Avg Loans	0.05	0.02	0.21	NA

Award Winning Service

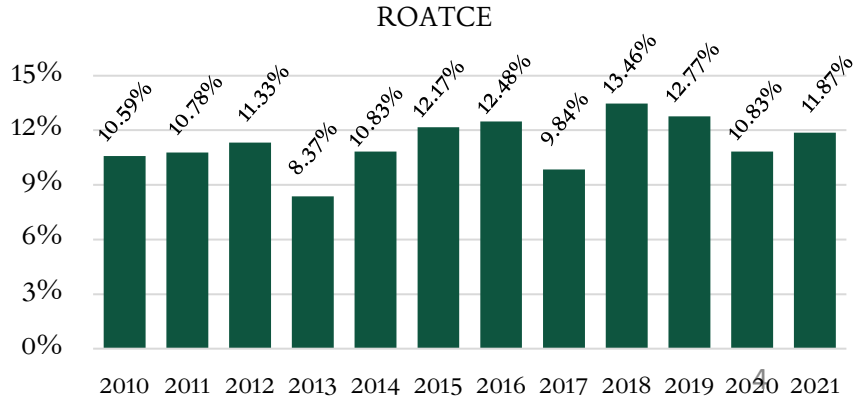
- **Shareholder focused** – American Banker Magazine "Top 200 Community Banks" list in 2021 for 12 consecutive years
- **Customer focused** – Peoples State Bank voted "Best Bank in Marathon County" by readers of the Wausau Daily Herald for the past 10 years
- **Employee focused** – American Banker Magazine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

Best of MARATHON COUNTY 2021 WINNER WAUSAU DAILY HERALD

AMERICAN BANKER 2020 Best Banks to Work For

AMERICAN BANKER 2021 Top 200 Community Banks

History of Returns



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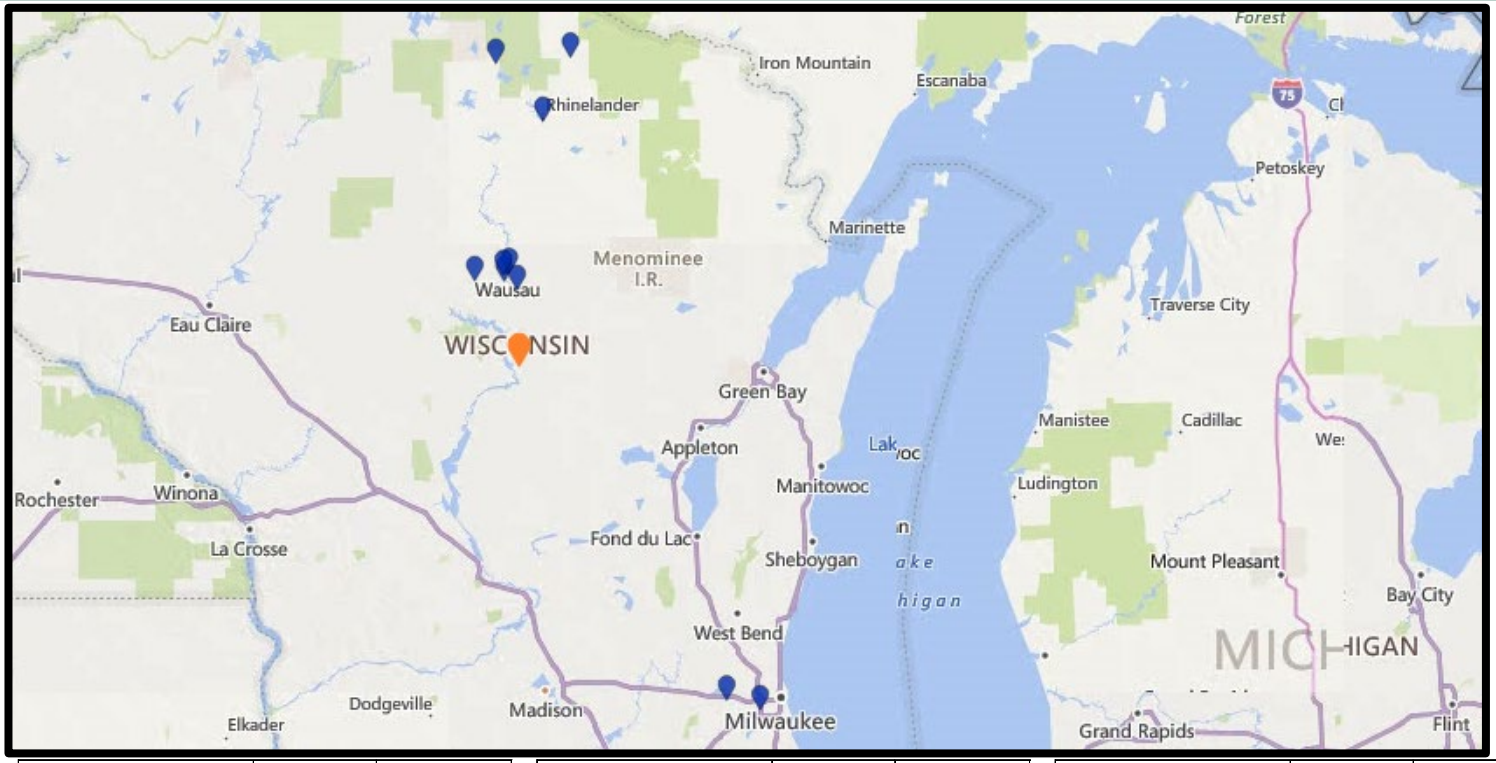
Branch Locations



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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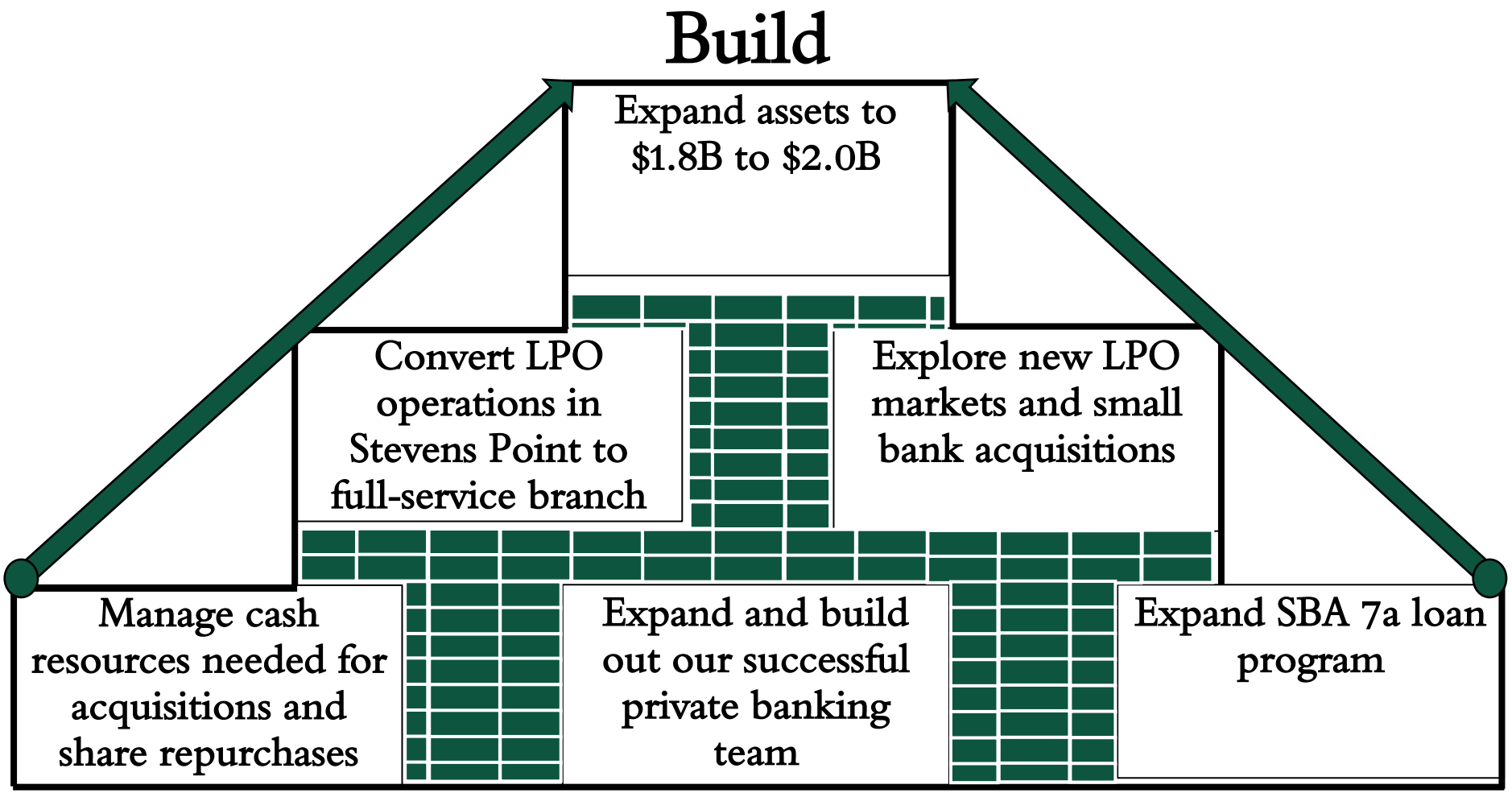
Mid-term Strategy



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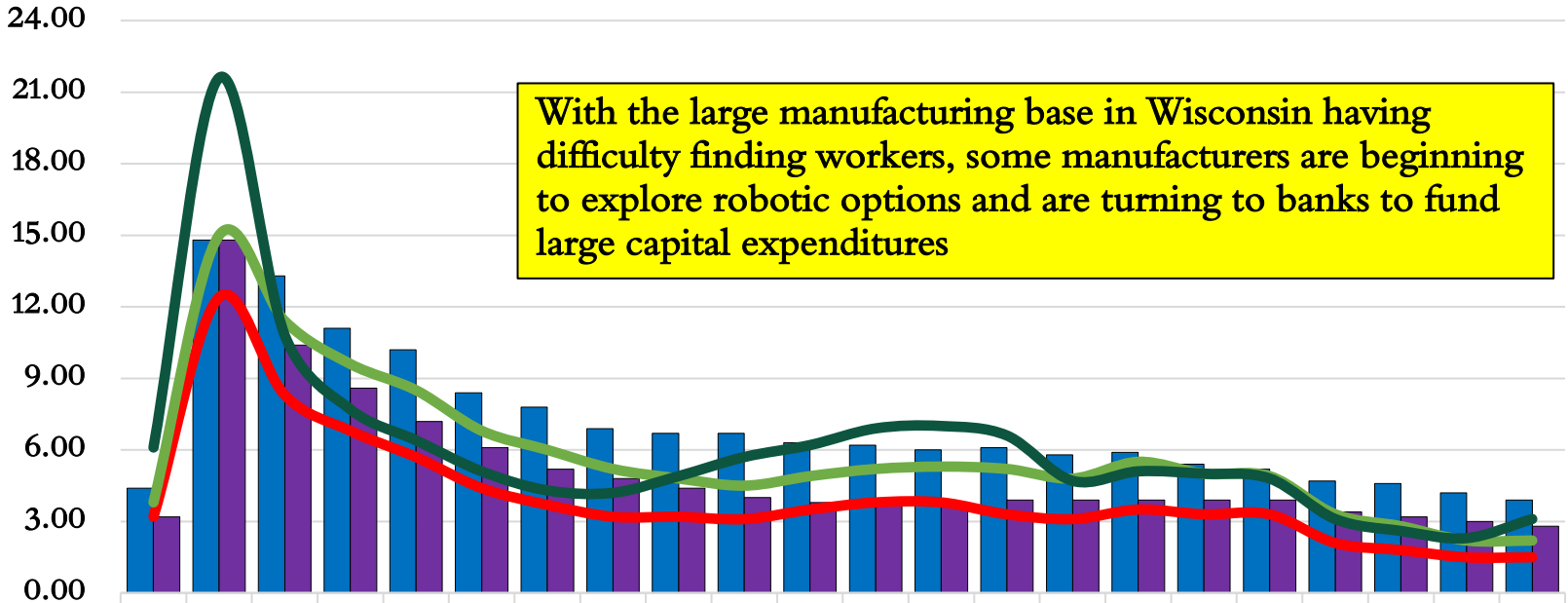
Economic Recovery

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	Jul-21	Aug -21	Sep-21	Oct-21	Nov -21	Dec -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	5.4	5.2	4.7	4.6	4.2	3.9
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	3.9	3.9	3.4	3.2	3.0	2.8
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	3.3	3.3	2.1	1.8	1.5	1.5
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	5.0	4.9	3.3	2.8	2.2	2.2
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	5.0	4.8	3.1	2.6	2.3	3.1

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Business Model Strengths



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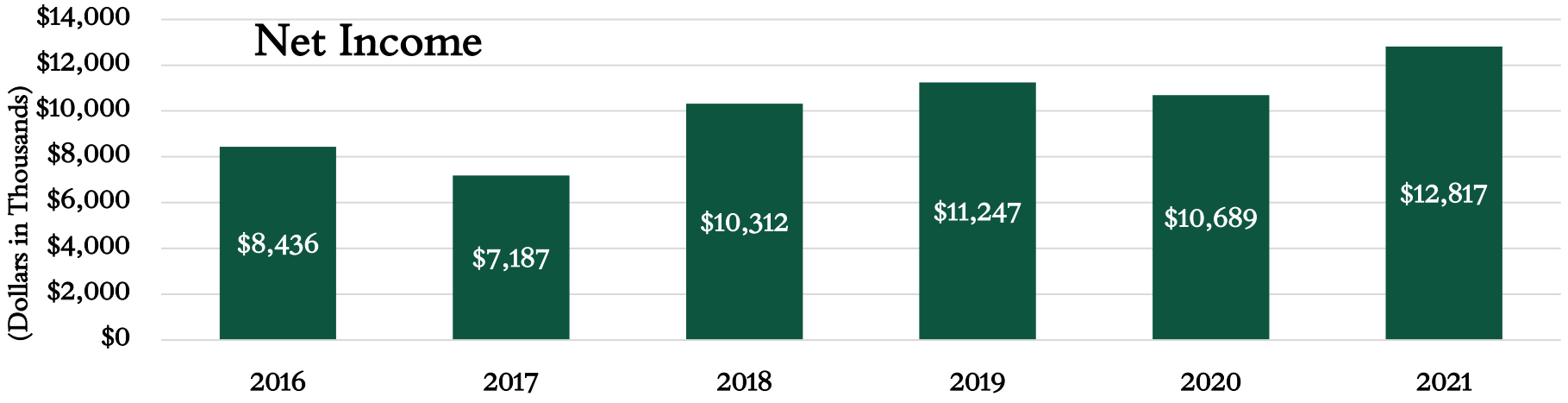
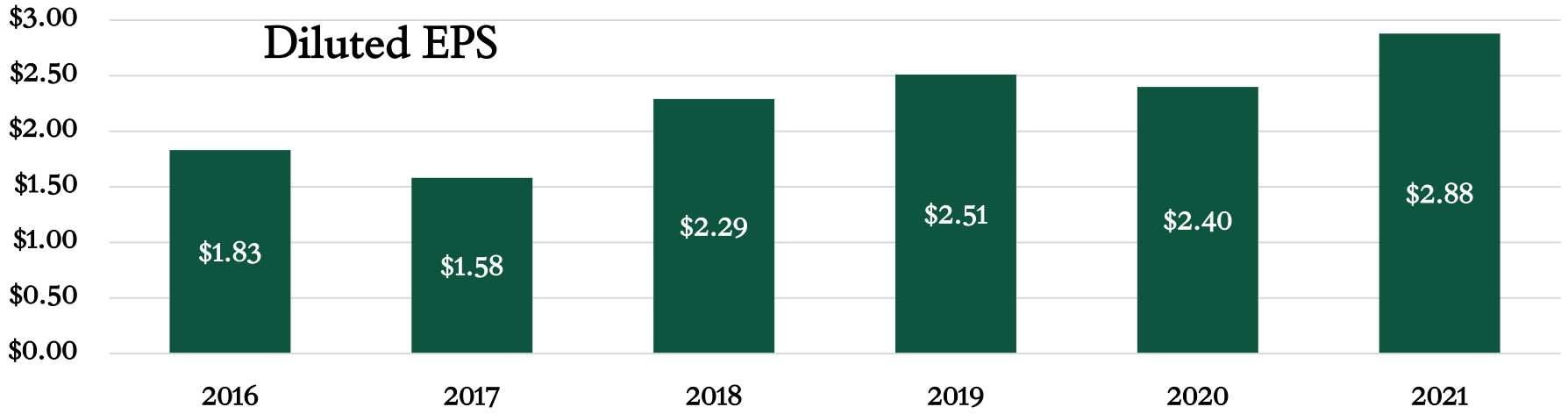
Net Income Trends





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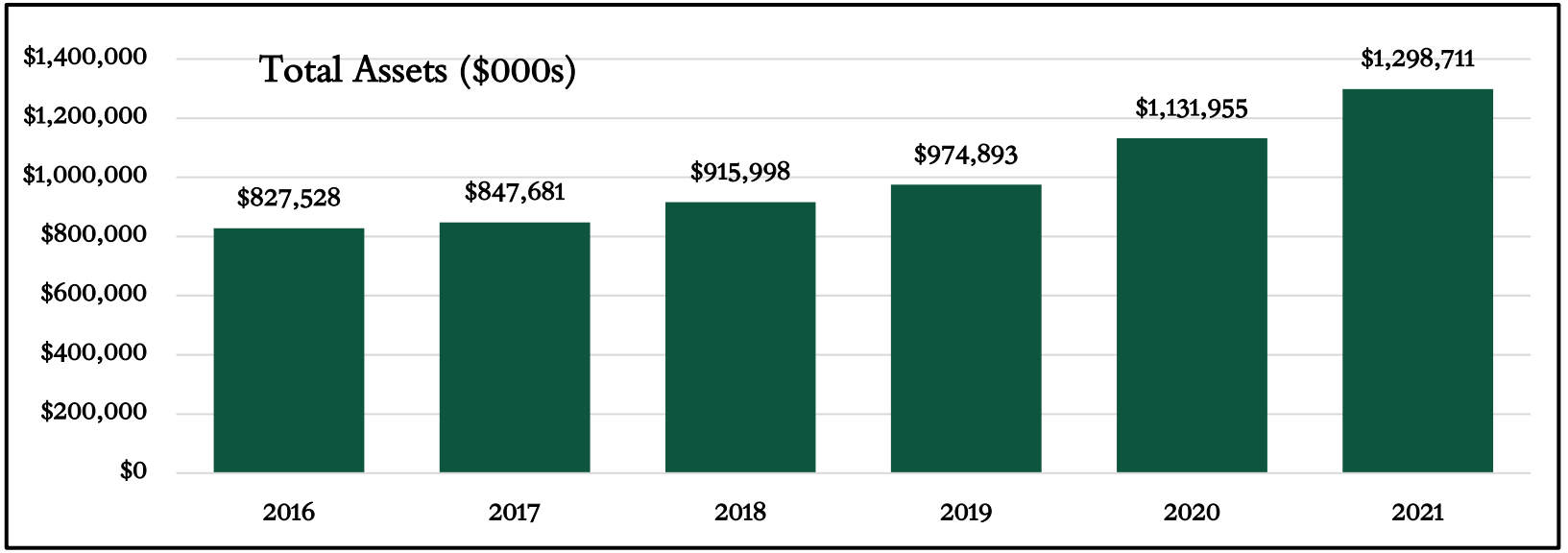
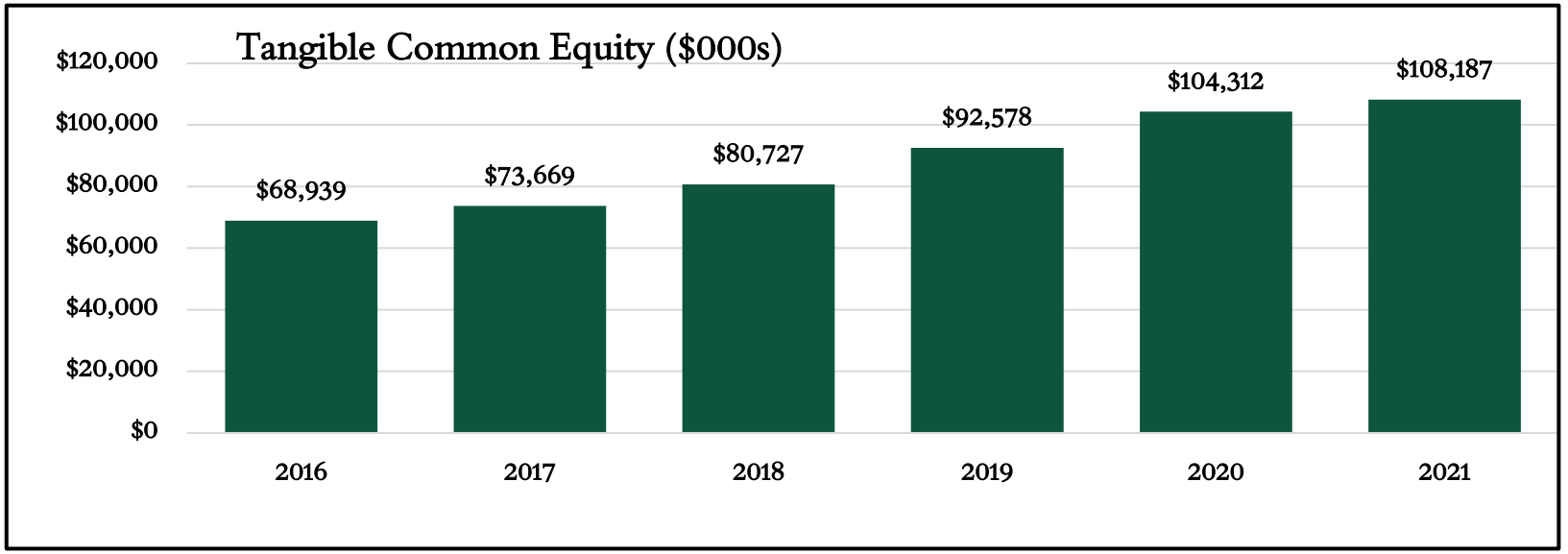
Balance Sheet Trends





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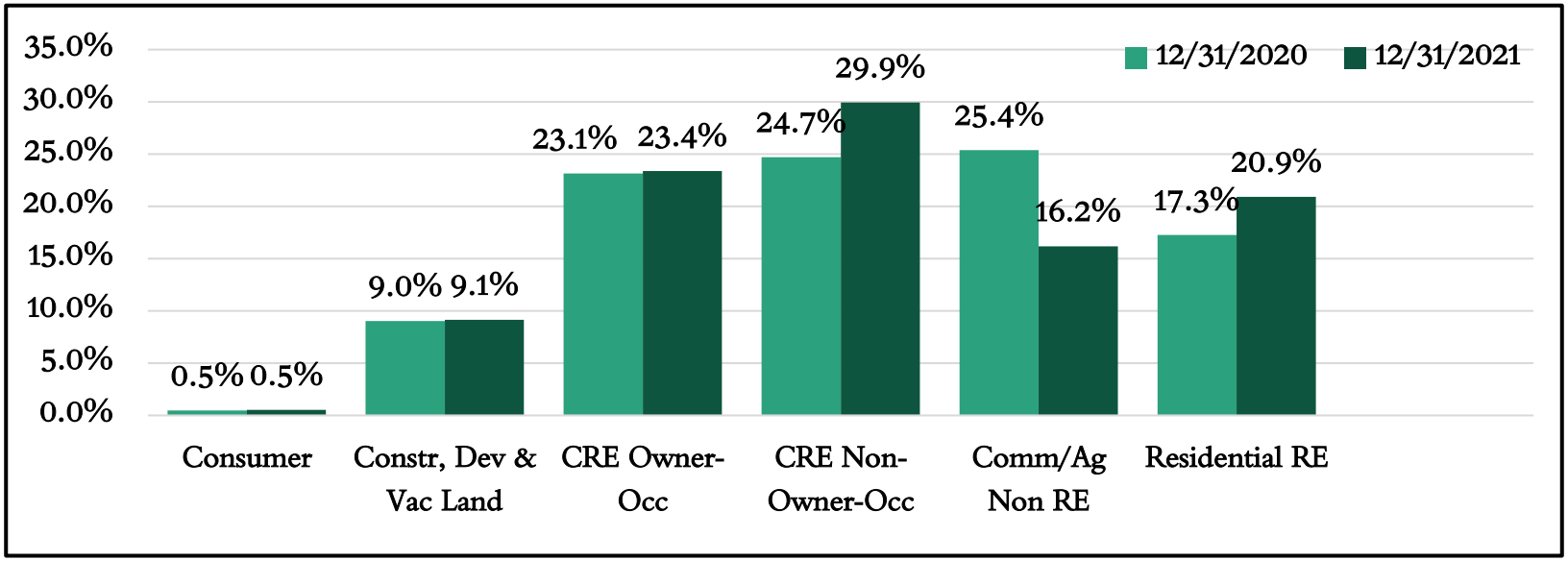
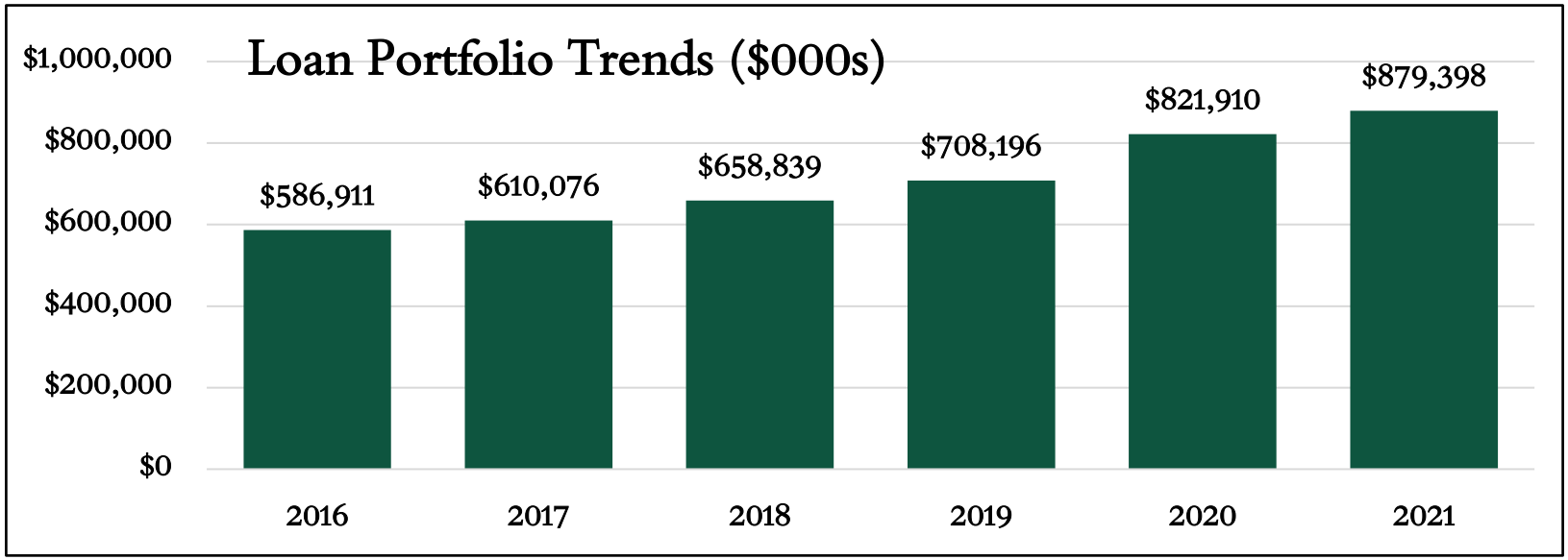
Loan Portfolio





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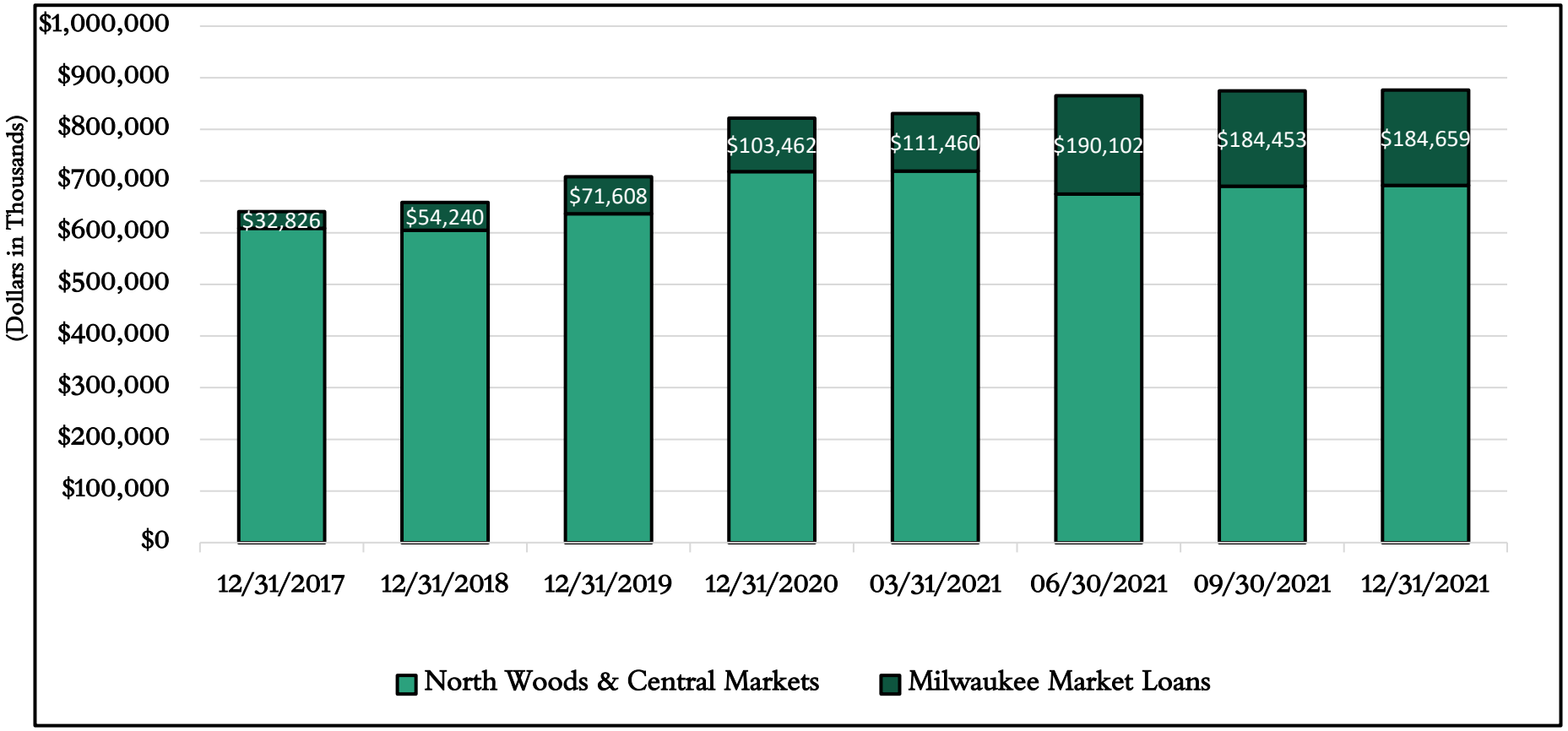
Milwaukee Growth



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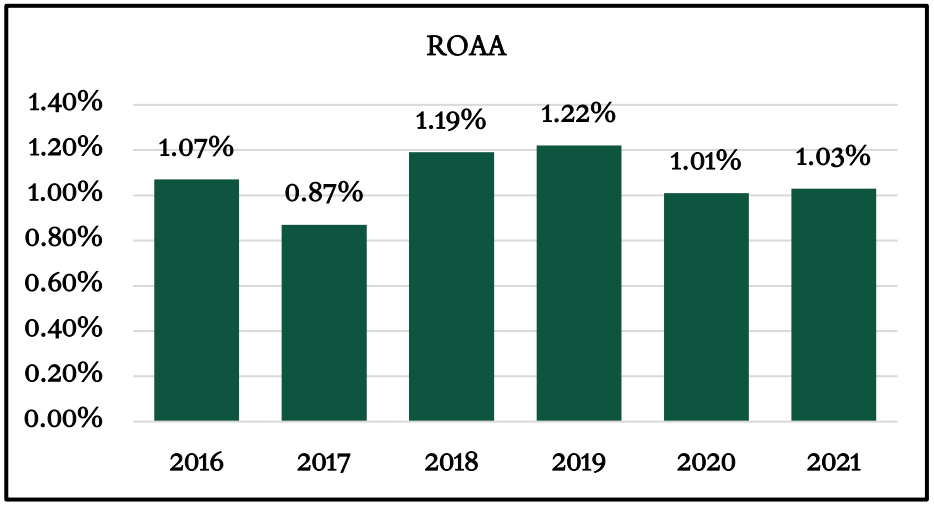
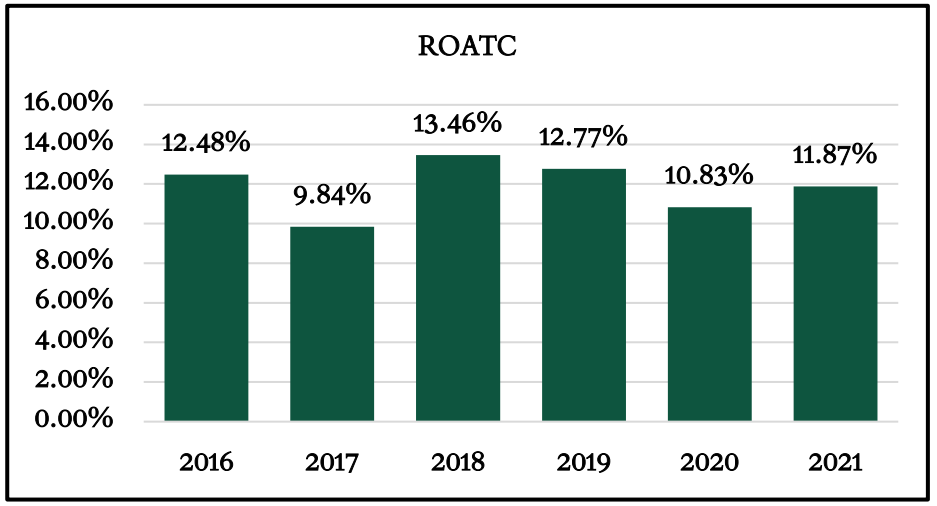
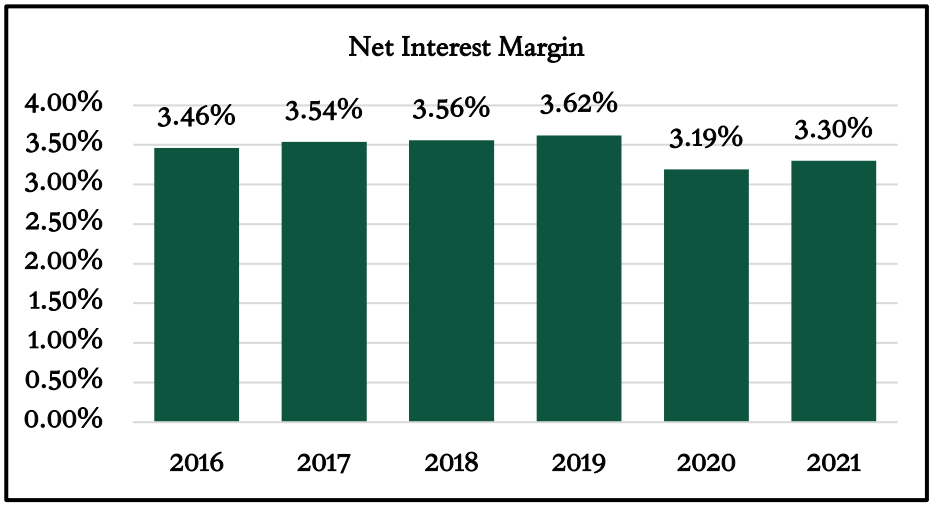
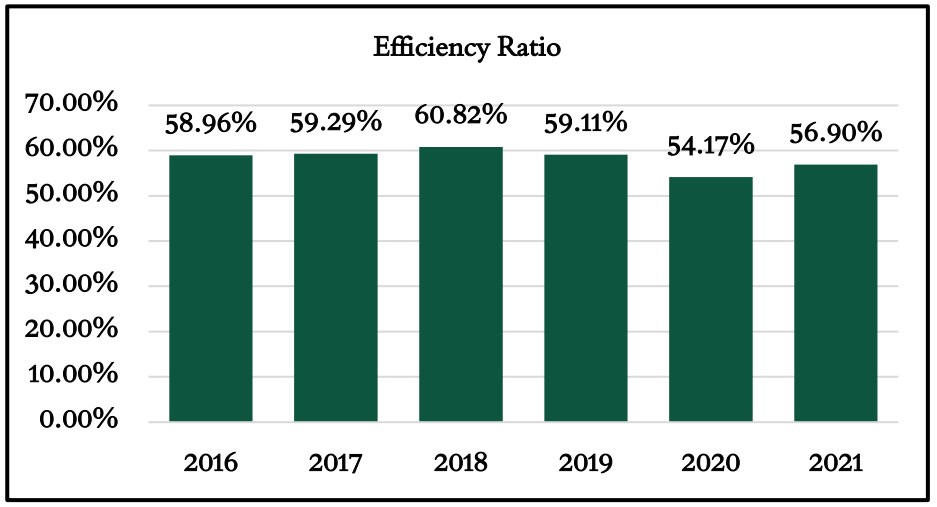
Earnings Trends









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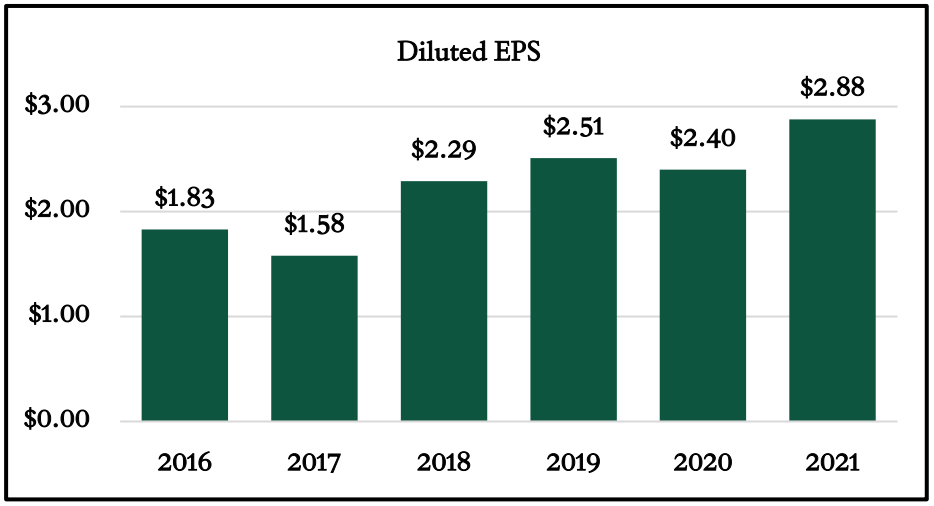
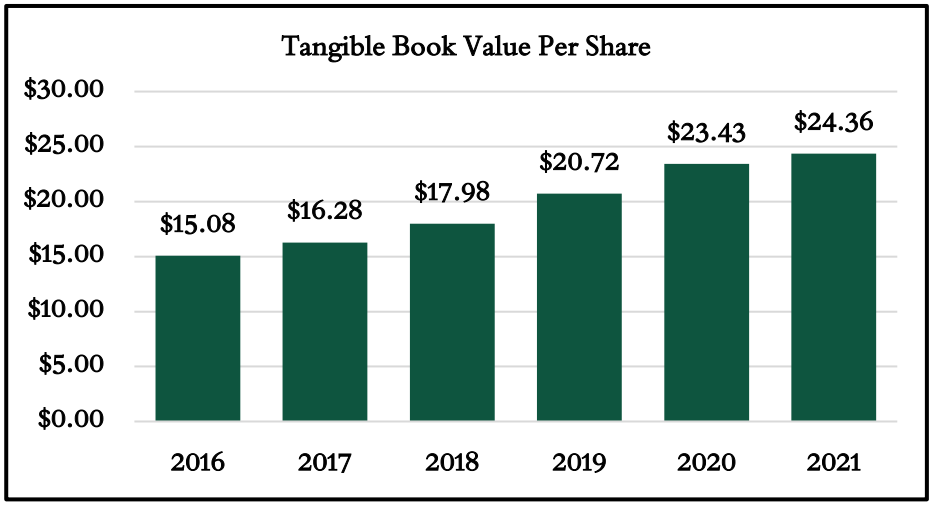
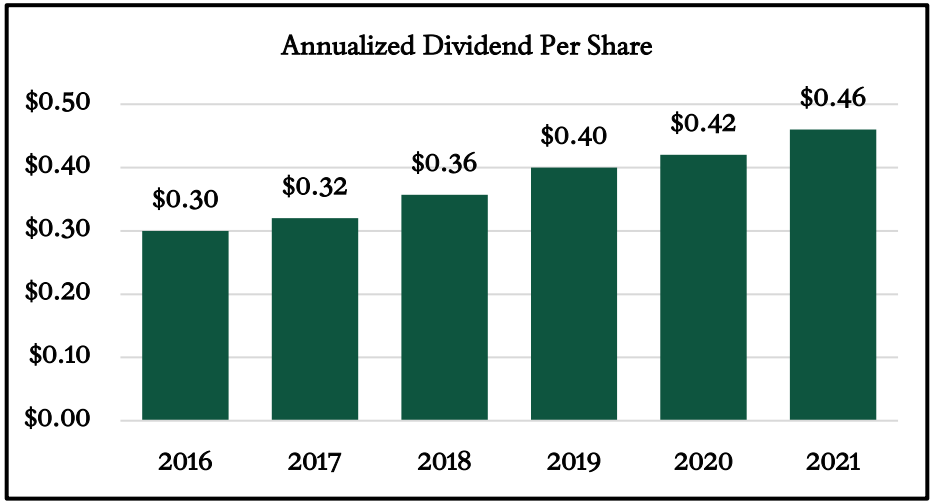
Per Share Trends







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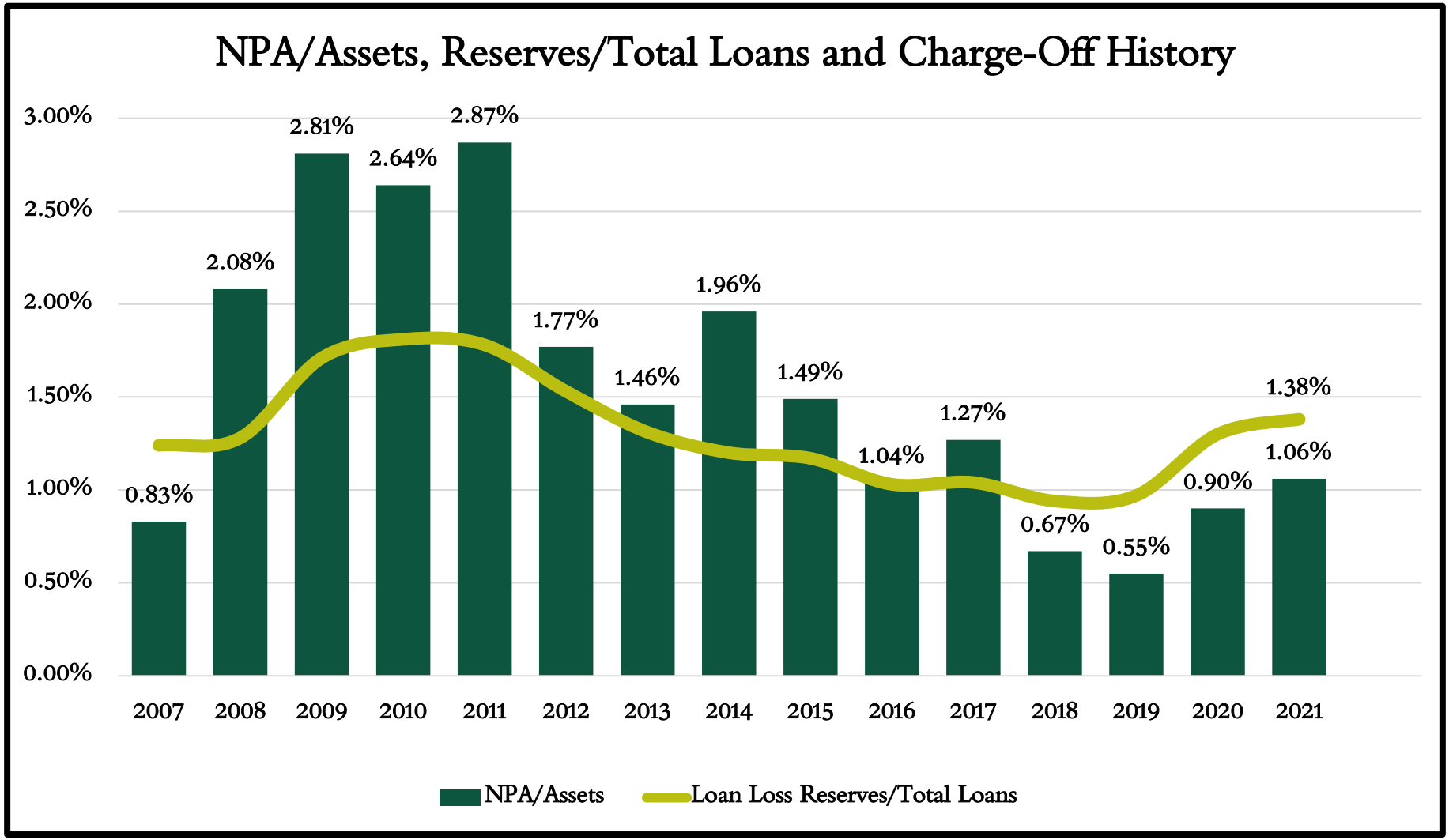
Asset Quality Trends



At Dec. 31, 2021 reserves/total loans were 1.40% excluding PPP loans and USDA guaranteed loans.

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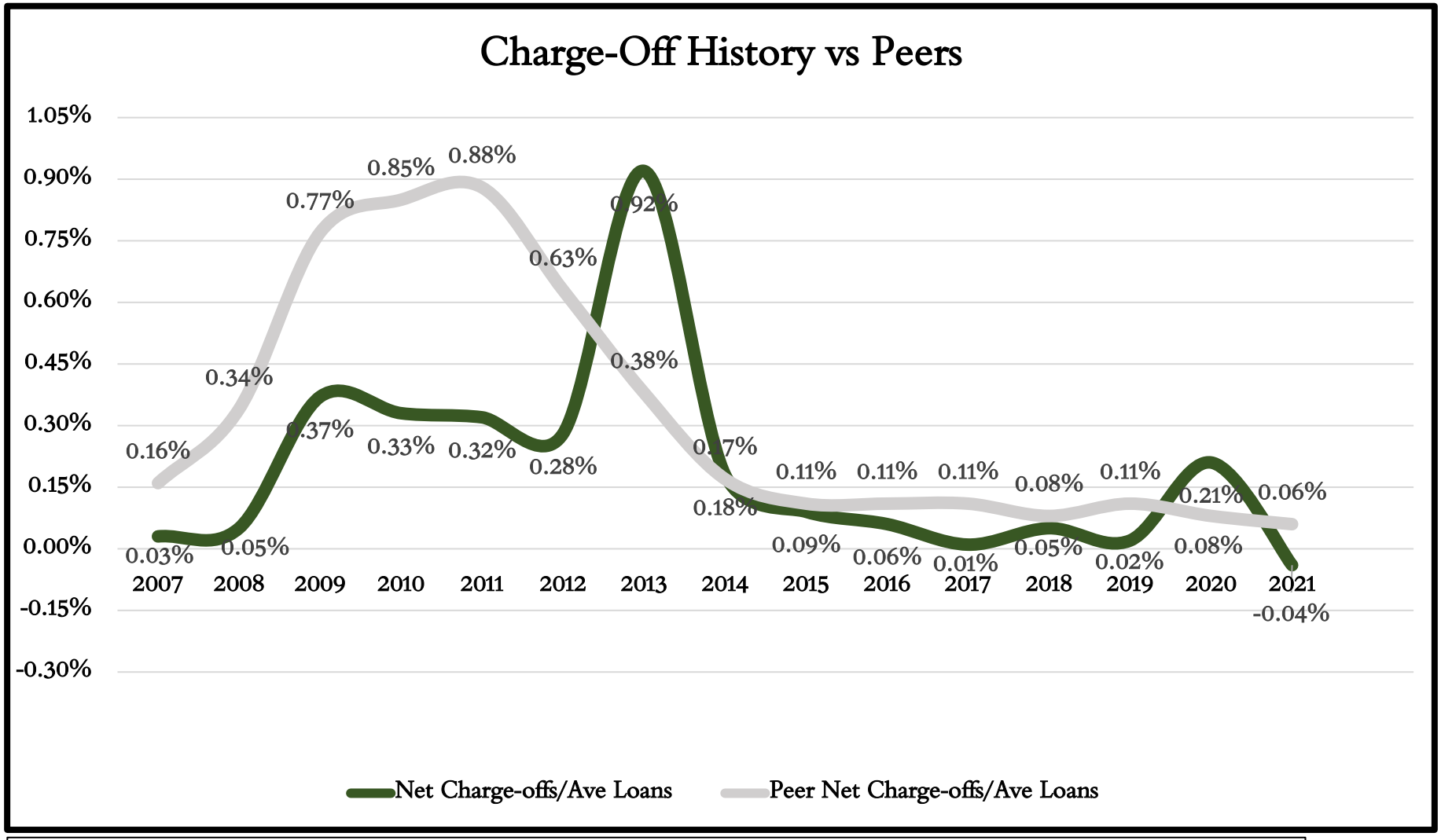
Charge-Off History



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $2.0 billion at 12/31/21

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Asset Quality Trends

Commercial, Commercial Real Estate, Construction & Development, Agricultural and Government Loans ($000s)

Risk Rating		12/2019	12/2020	03/2021	06/2021	09/2021	12/2021
Rating 1	"High Quality"	$ -	$ -	$ -	$ -	$ 77	$ -
Rating 2	"Minimal Risk"	57,904	61,223	62,626	60,155	71,304	70,886
Rating 3	"Average Risk"	349,002	390,191	348,102	345,929	347,735	383,951
Rating 4	"Acceptable Risk"	128,932	175,400	209,407	209,728	226,501	222,641
Rating 5	"Watch Risk"	15,933	36,379	30,891	39,577	33,284	37,194
Rating 6	"Substandard Risk"	2,568	7,617	18,134	6,377	10,148	4,182
Rating 7	"Impaired Loans"	5,518	13,153	16,162	15,522	16,790	21,322
Totals		$ 559,857	$ 683,963	$ 685,322	$ 677,288	$ 705,839	$ 740,176

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

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PPP Earnings Impact

(dollars in thousands, except per share data - unaudited)	Quarter Ended Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Year Ended December 2021	2020
Interest and dividend income:									
Loans, including fees	$8,584	$8,684	$ 8,741	$7,646	$7,624	$7,773	$7,968	$33,655	$ 31,810
PPP loans, including fees	334	639	1,231	1,796	747	295	207	4,000	1,249
Securities	1,167	1,126	1,098	1,040	1,071	1,087	1,116	4,431	4,555
Total interest and dividend income	10,085	10,449	11,070	10,482	9,442	9,155	9,291	42,086	37,614
Total interest expense	866	826	907	886	1,011	1,261	1,528	3,485	5,735
Net interest income	9,219	9,623	10,163	9,596	8,431	7,894	7,763	38,601	31,879
Provision for loan losses	-	-	-	1,000	675	1,300	1,800	1,000	5,575
Net interest income after provision for loan losses	9,219	9,623	10,163	8,596	7,756	6,594	5,963	37,601	26,304
Total noninterest income	2,244	2,126	2,299	2,749	2,991	2,929	3,138	9,418	11,413
Other noninterest expense	7,357	6,946	6,896	6,577	6,461	6,096	5,740	27,776	24,414
Merger costs	-	-	2,819	-	-	-	-	2,819	213
Deferred costs PPP loans	-	-	(108)	(377)	-	(22)	(861)	(485)	(883)
Total noninterest expense	7,357	6,946	9,607	6,200	6,461	6,074	4,879	30,110	23,744
Income before provision for income taxes	4,106	4,803	2,855	5,145	4,286	3,449	4,222	16,909	13,973
Provision for income taxes	960	1,165	718	1,249	1,034	812	1,032	4,092	3,284
Net income	$ 3,146	$3,638	$ 2,137	$3,896	$3,252	$2,637	$ 3,190	$ 12,817	$ 10,689
Basic earnings per share	$ 0.71	$ 0.82	$ 0.48	$ 0.88	$ 0.73	$ 0.59	$ 0.72	$ 2.88	$ 2.40
Diluted earnings per share	$ 0.71	$ 0.82	$ 0.48	$ 0.87	$ 0.73	$ 0.59	$ 0.72	$ 2.88	$ 2.40

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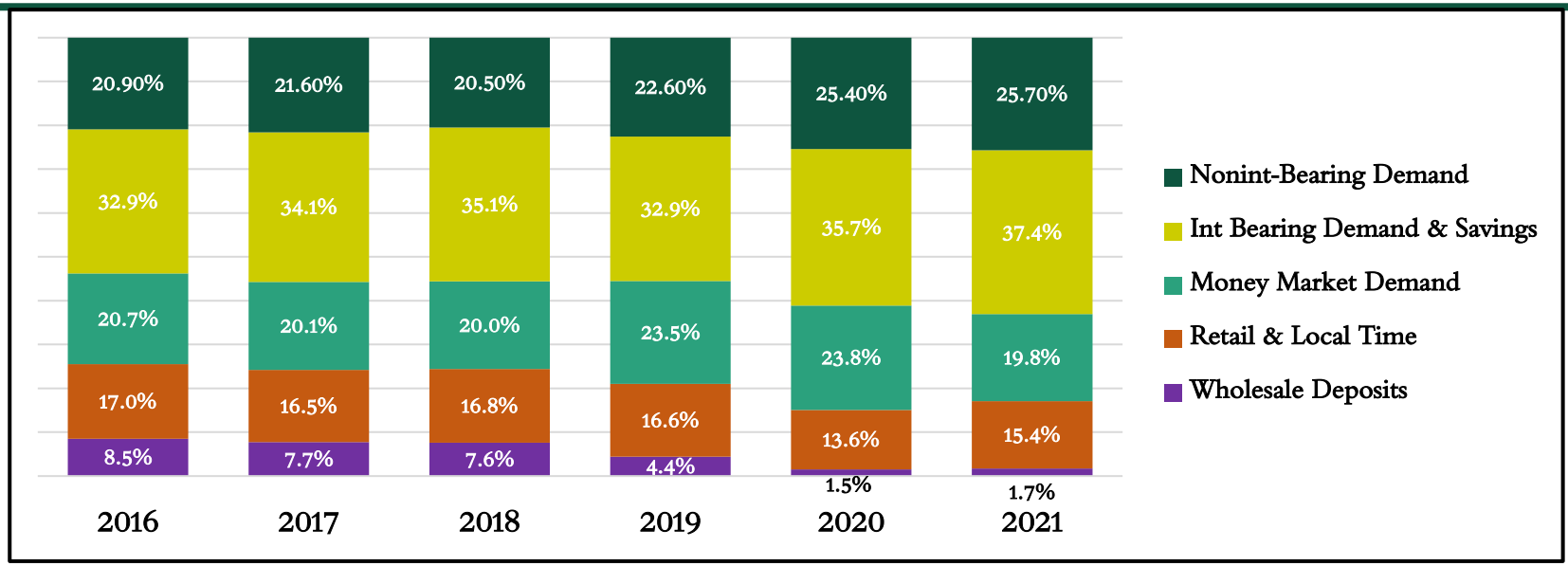
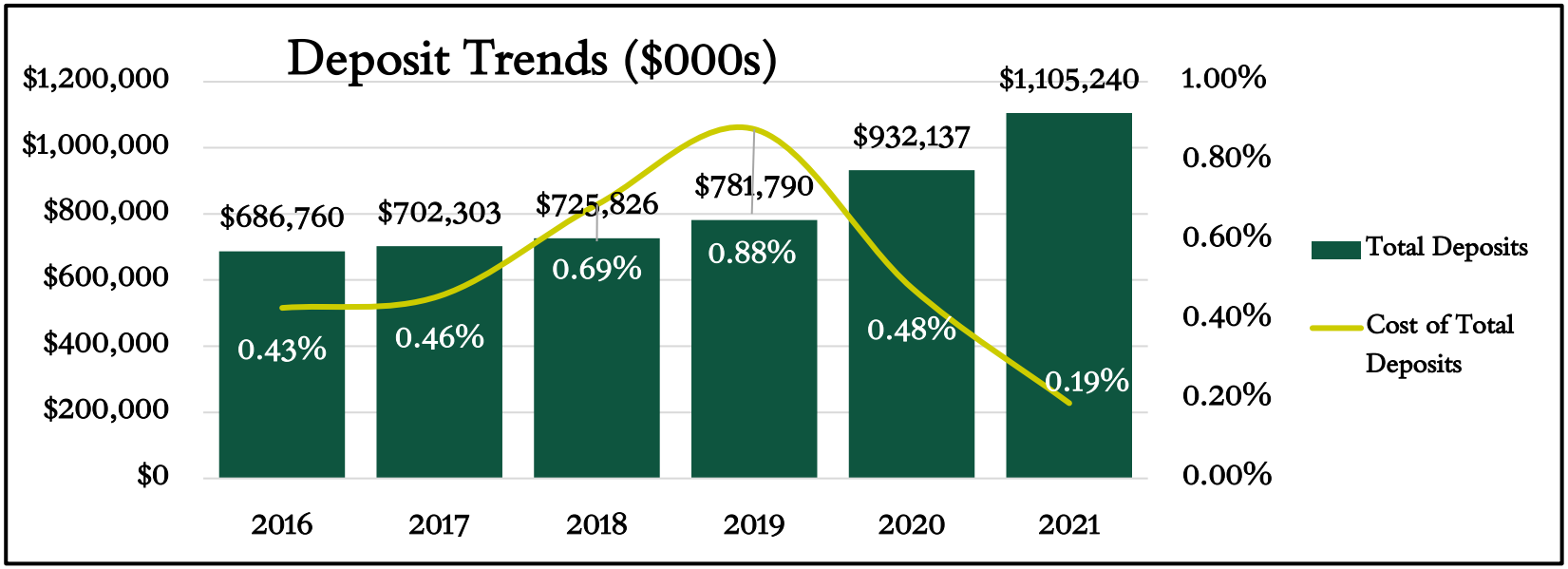
Deposit Portfolio





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Key Data at a Glance

(Dollars in Thousands)	2021	2020	2019	2018	2017	2016
Total Assets	$1,298,711	$1,131,955	$974,893	$915,998	$847,681	$827,528
Total Loans	$879,398	$821,910	$708,196	$658,839	$610,076	$586,911
Total Deposits	$1,105,240	$932,137	$781,790	$725,826	$702,303	$686,760
Tangible Common Equity	$108,187	$104,312	$92,578	$80,727	$73,669	$68,939
ROAA	1.03%	1.01%	1.22%	1.19%	0.87%	1.07%
ROATCE	11.87%	10.83%	12.77%	13.46%	9.84%	12.48%
EPS	$2.88	$2.40	$2.51	$2.29	$1.58	$1.83
Tangible Book Value Per Share	$24.36	$23.43	$20.72	$17.98	$16.28	$15.08
Annualized Dividends Per Share	$0.460	$0.420	$0.400	$0.357	$0.320	$0.300
Price	$26.05	$20.57	$28.00	$22.50	$23.17	$19.67
Market Capitalization ($000)	$115.67	$91,583	$125,082	$100,978	$104,751	$90,025
Price/LTM EPS	9.0	8.6	11.1	9.8	14.7	10.8
Price/Tangible Book	106.94%	87.8%	135.1%	125.1%	142.3%	130.4%
Dividend Yield	1.75%	2.04%	1.43%	1.59%	1.38%	1.53%

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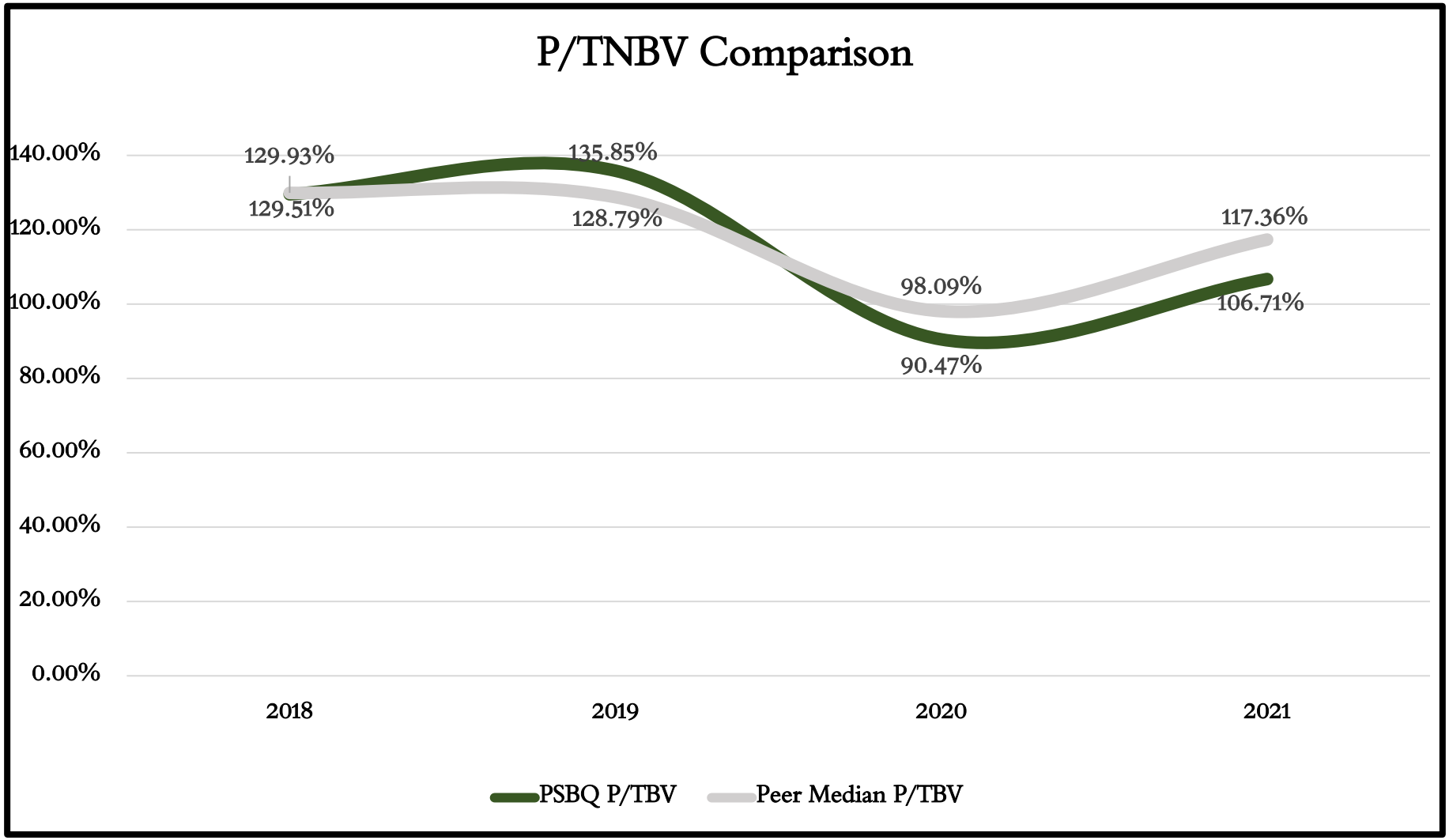
P/TBV Comparison



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $2.0 billion at 12/31/21

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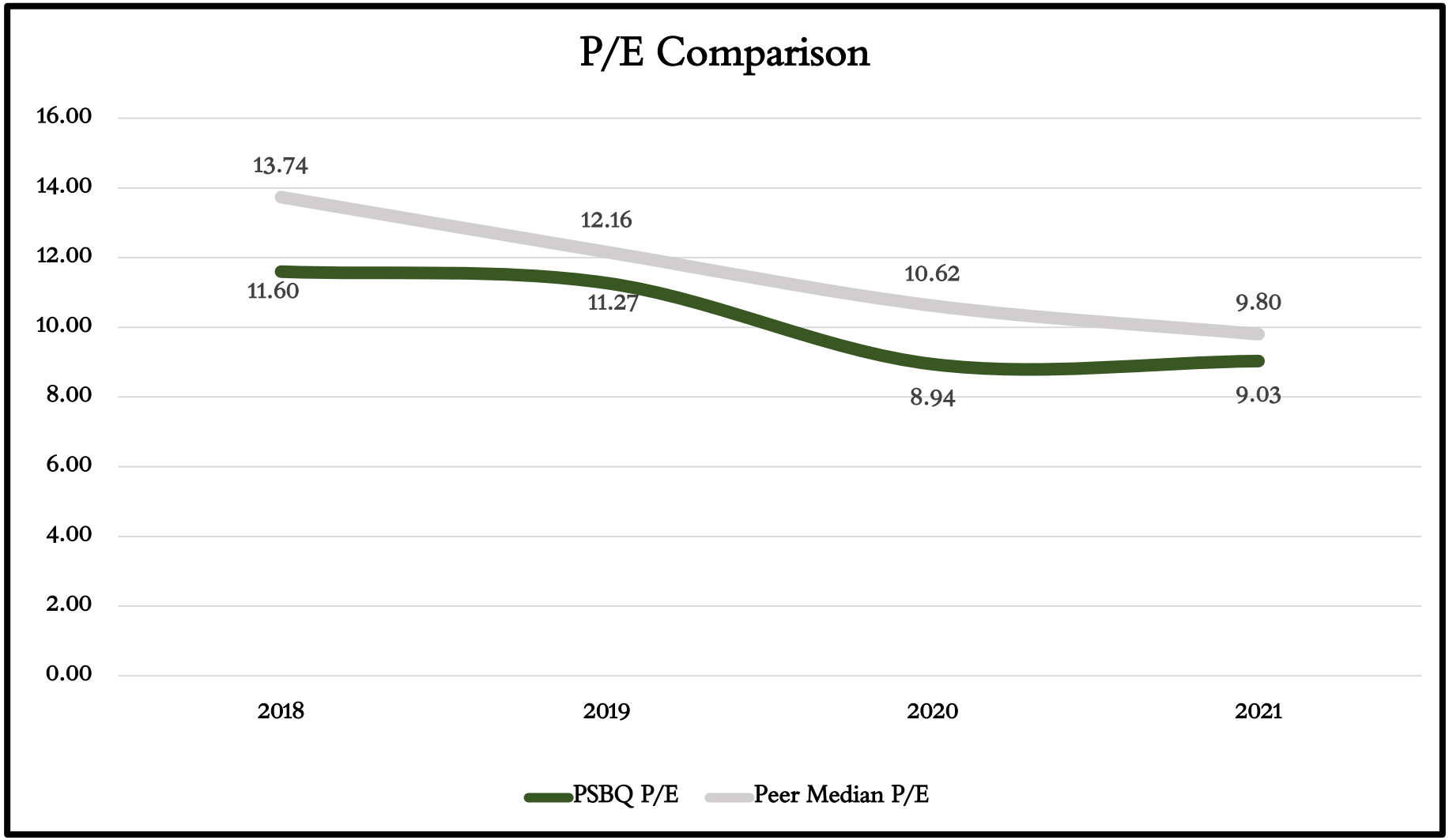
P/E Comparison



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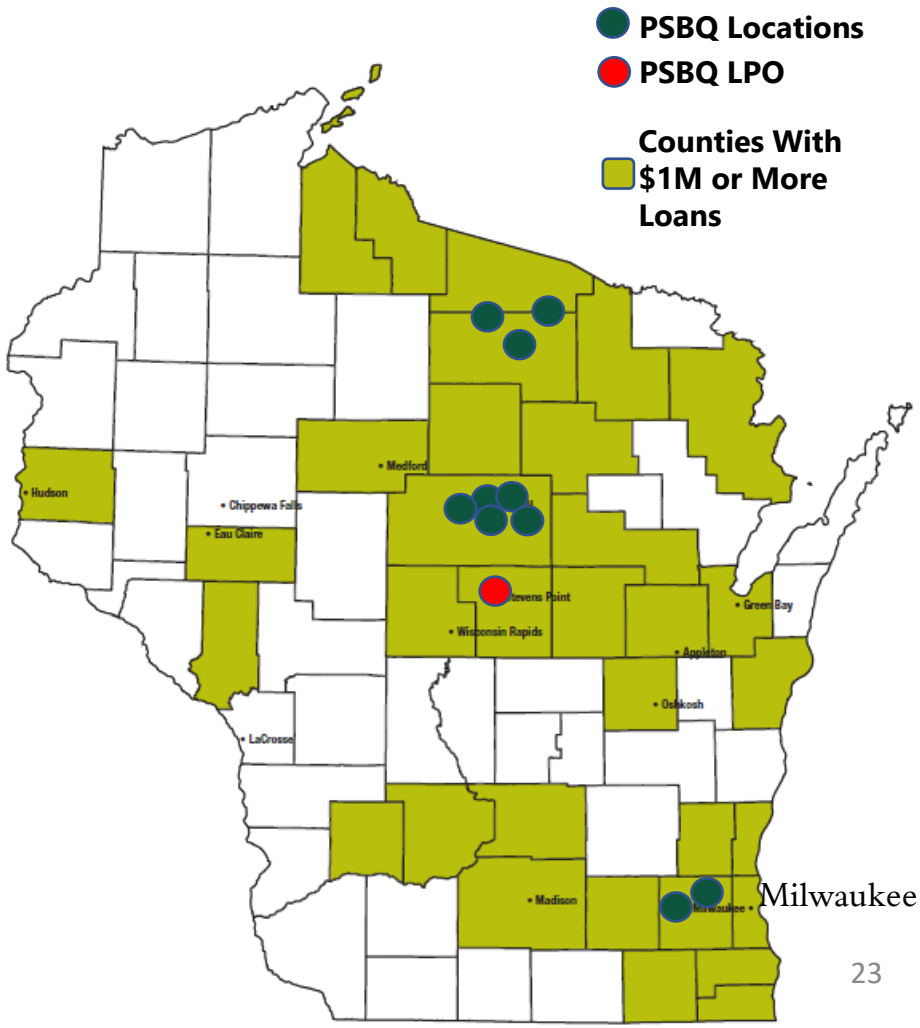
Disciplined Acquisition Strategy

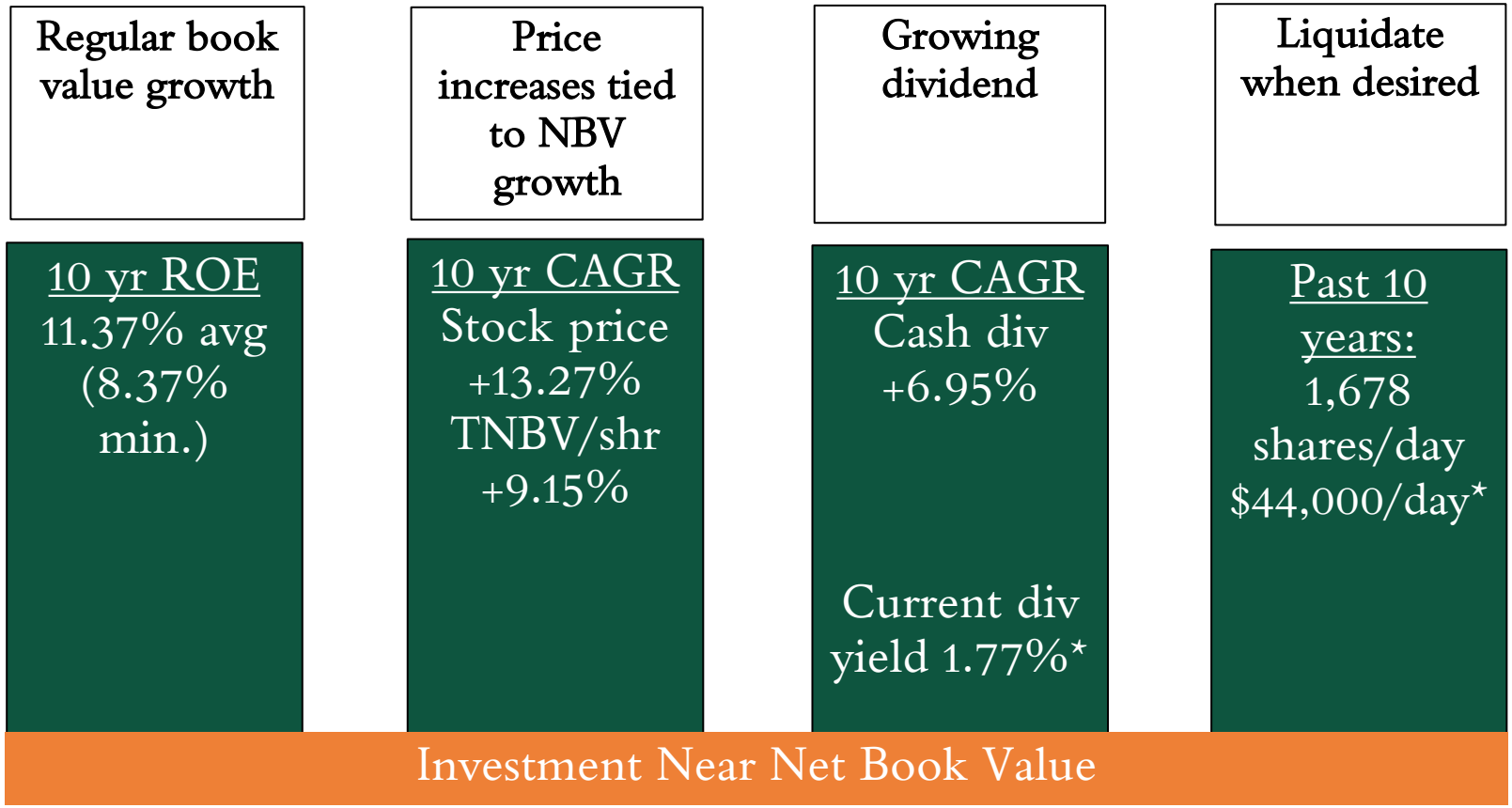
- **Smart consolidation of community banks**
  - Provides scale and operating efficiencies
  - Adds experienced and knowledgeable banking talent
  - Opportunity to drive scale and financial performance
- **Ability to execute M&A growth plans for improved performance of overall bank**
  - Experienced management with core competencies evaluating, structuring, acquiring and integrating target banks
  - Purchased $140MM bank in 2021, $41MM branch in 2014, and $107MM 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 and 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



PSB Holdings, Inc. Shareholder Value History

"PSBQ"



*based on $26.05 share price

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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, 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