

ANNUAL SHAREHOLDER MEETING

April 19, 2022

PSB Holdings, Inc.

William J. Fish

Chairman
PSB Holdings, Inc.
Peoples State Bank





PSB Holdings, Inc.

Agenda

Scott M. Cattanach

- *President's Message*
- *2021 Highlights*
- *2022 Strategic Actions*

Pat Heier

- *Managing Asset Quality*

Jeff Musa

- *Southeast Wisconsin Growth*

Investment Value Proposition

Formal Business

Questions & Answers

Scott M. Cattanach

—

President & CEO
PSB Holdings, Inc.
Peoples State Bank



Our Mission

It’s about you: Our customers, employees, and shareholders

- To build individual and community financial strength through shared vision and participation

- Customer relationships built on trust and a great user experience





Best in Marathon County

10th Year in a Row



Best Banks to Work For

3rd Year in a Row



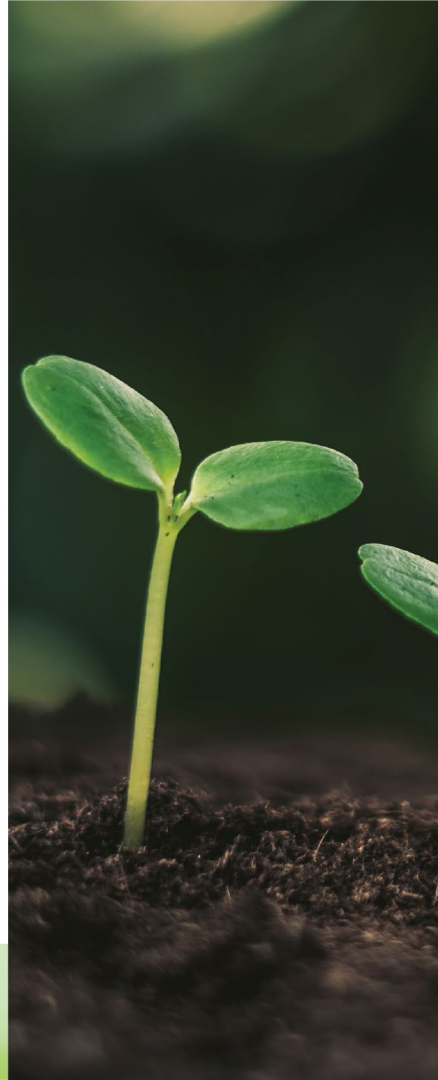
Top 200 Community Bank

12th Year in a Row

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Shareholder Value Strategy

- $1.8 to $2 billion total assets by December 2026 led by Milwaukee area and new market growth
- Spread the Peoples story to new investors to increase interest in ownership and number of shareholders
- Leverage business model strengths to grow tangible book value through increased earnings
  - ✓ Consistent history of earnings and asset growth
  - ✓ Well diversified loan portfolio
  - ✓ New market growth opportunities
  - ✓ Diversified fee income sources
  - ✓ Conservative underwriting and strong asset quality



2021 Highlights – Waukesha Acquisition Completed



- Added $140 million in assets at closing
- Initial loan and deposit retention during merger period within initial projections
- With merger cost efficiencies now in place, on pace to exceed the 2022 acquisition earnings target by 15%
- Remodeling the bank to modernize customer experience and provide for market and staffing growth

2021 Highlights - Northcentral Market Success



2021 Highlights
Commercial Banking



Significantly completed SBA PPP loan cycle

- $151 million in loans in 2020 and 2021
- All but $14 million repaid or forgiven by the SBA
- $5.2 million in PPP origination fees and interest income through Dec. 31, 2021

Top SBA 504 program lender in Wisconsin in 2021

- Originated $14.8 million in long term fixed rate SBA loans for customers
- Lowered customer risk to rising interest rates and increased the strength of our collateral value

Organic commercial loan growth of $44 million, up 8%

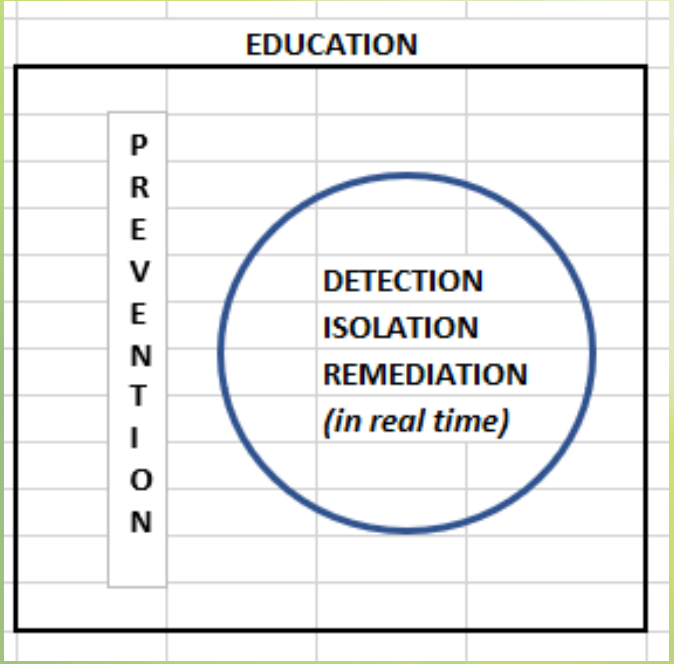
2021 Highlights
Wealth Management



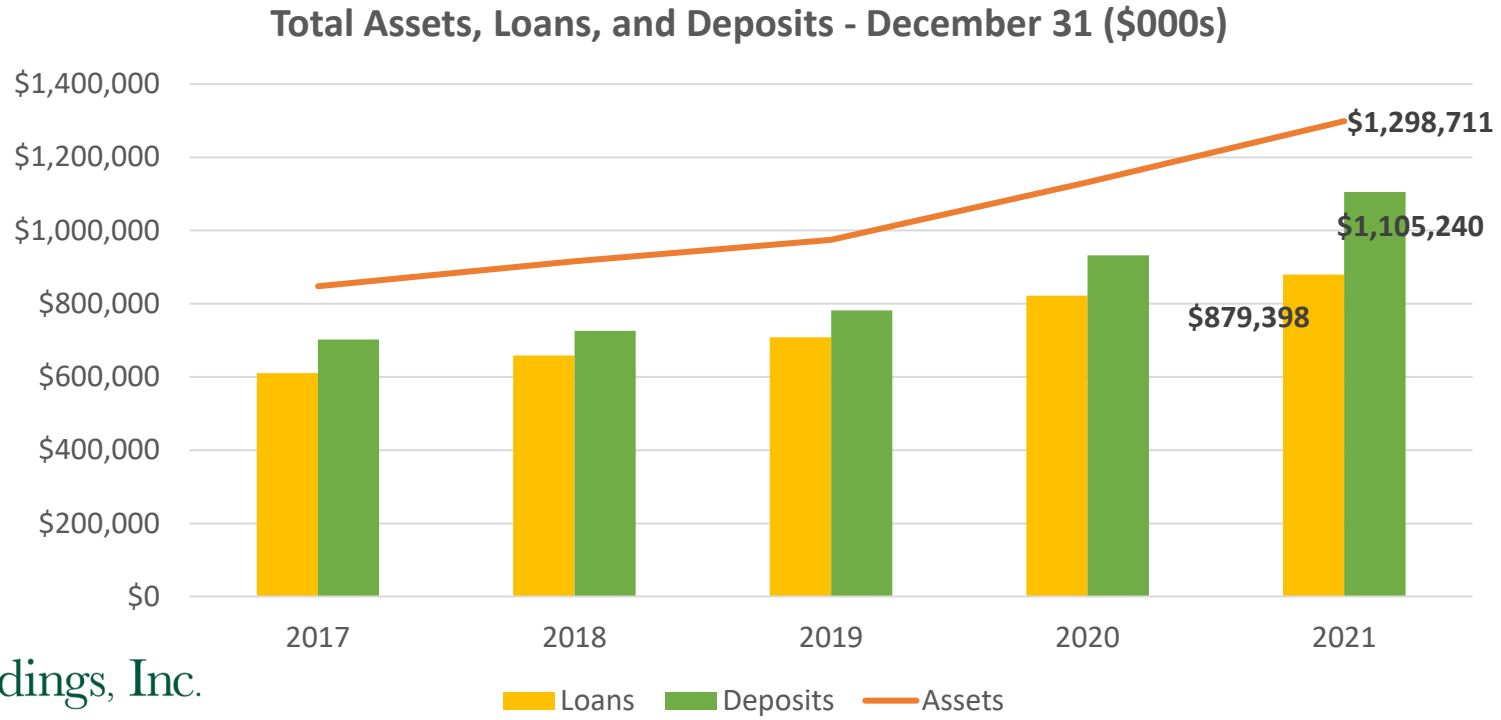
- Grew advisory fee income to nearly $2 million
- Expanded service in Milwaukee area
- Provided an avenue to serve customers needing retirement planning or investment options outside of traditional FDIC insured deposits

Information Protection – Best in Class

- Best in class partners, updated in real time
- Focus not just on viruses, but on protecting customer data
- External “break in” tests annually
- Vendor and our technology team in constant communication

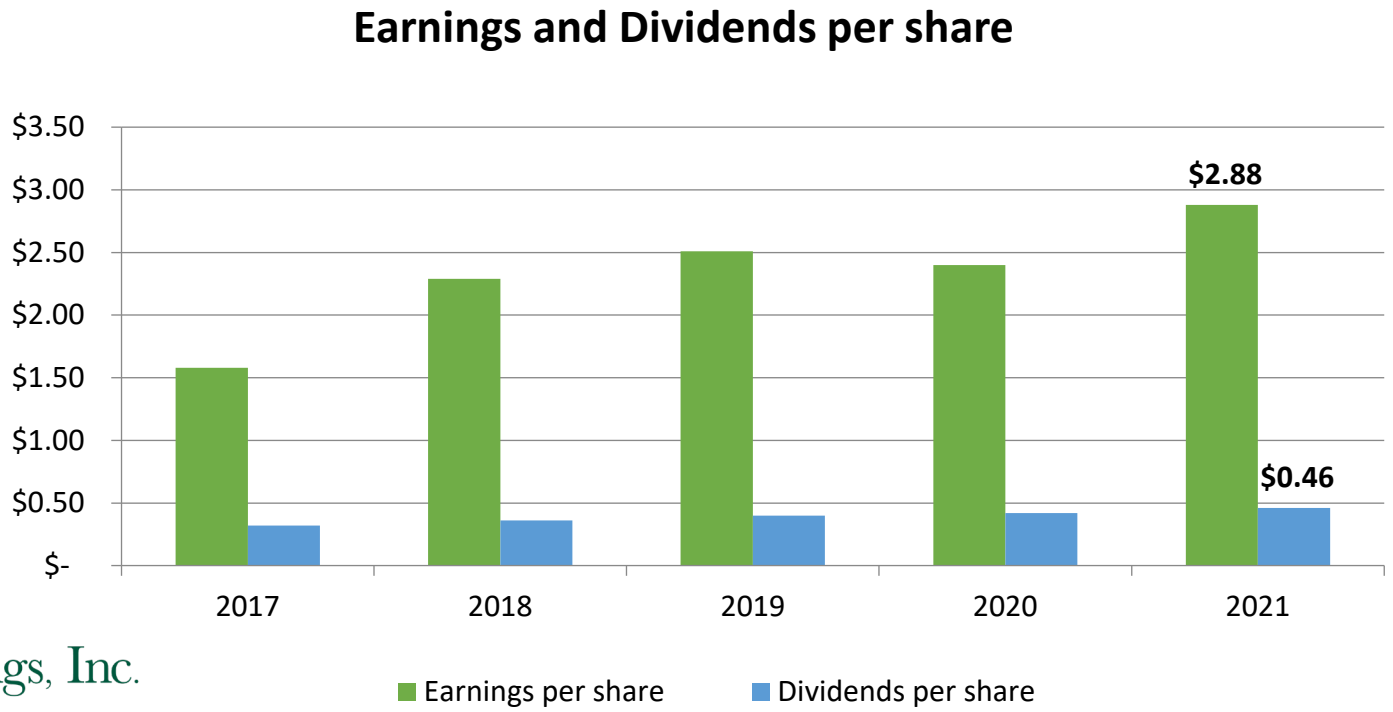


2021 Highlights
Asset Growth

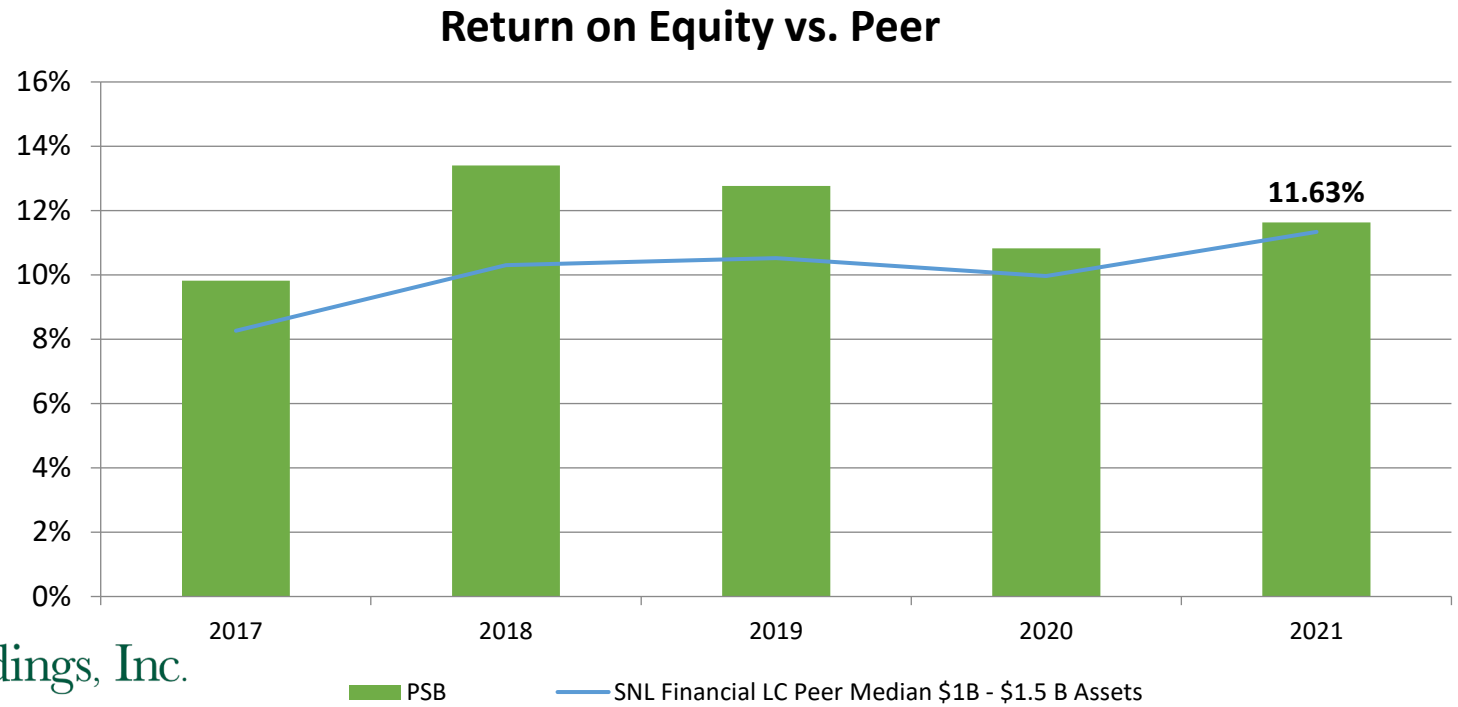


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2021 Highlights
Earnings



2021 Highlights
Return on Equity



Looking ahead...

Peoples' 60-year anniversary

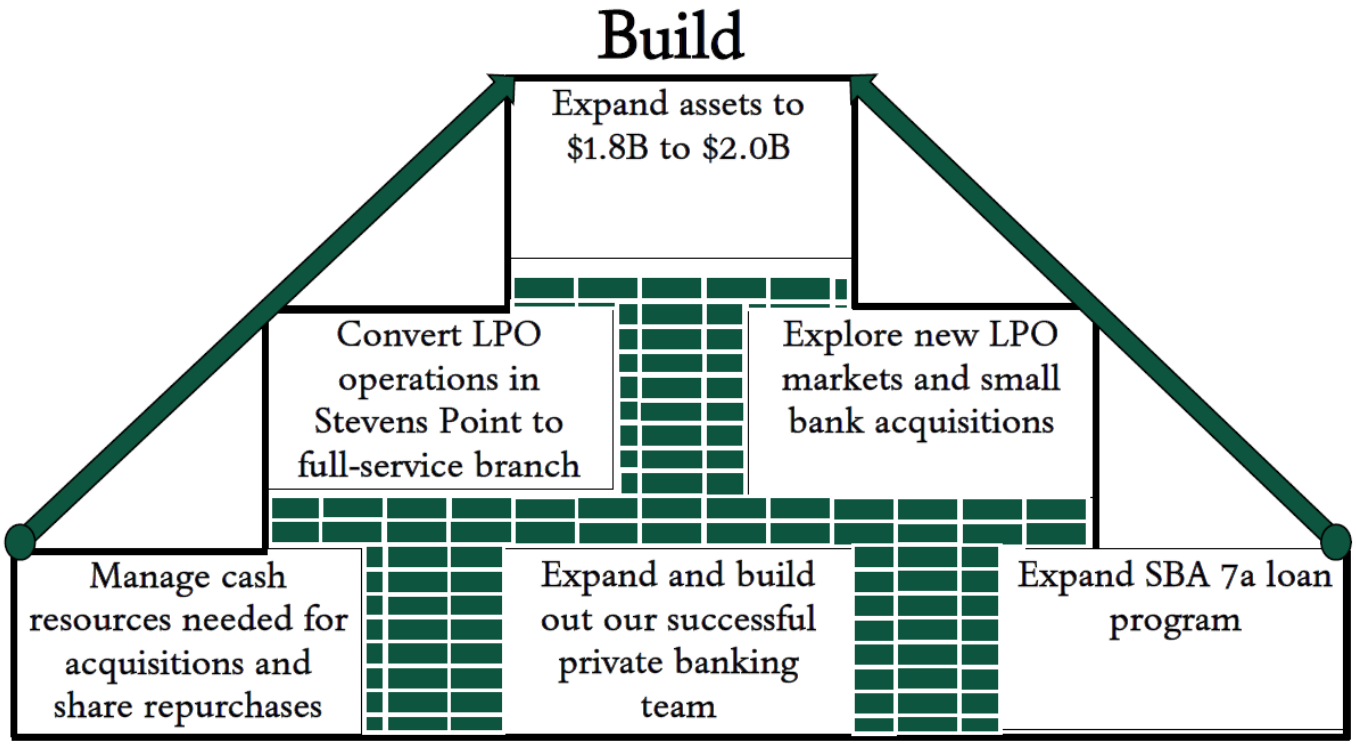


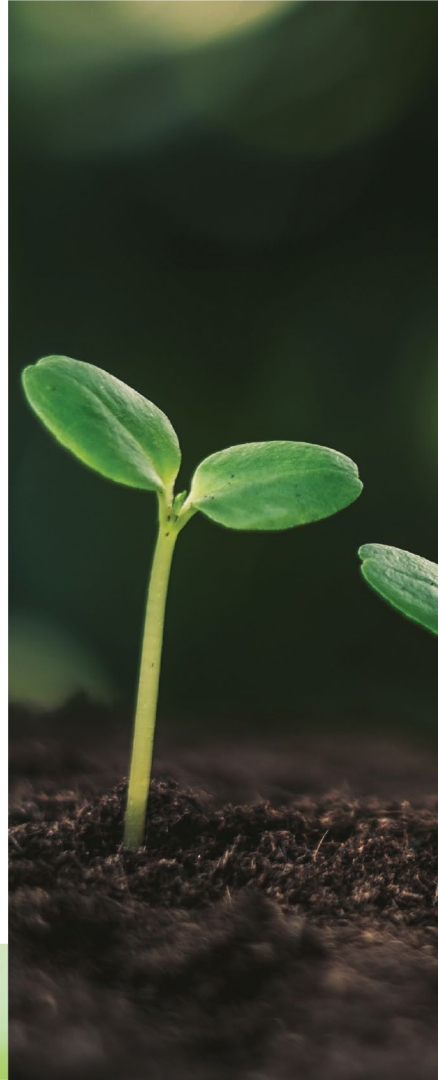
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2022 Strategic Actions

Targets		Strategy Support
• Online deposit account opening tool	⟺	• Customer experience
• Home office remodel	⟺	• Customer experience
• New Balance Banking account	⟺	• Growth
• SBA 7(a) lending program	⟺	• Growth
• St. Point expansion	⟺	• New market

Action Item Strategy





Pat Heier

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Senior Vice President Commercial Banking



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Managing Loan Quality



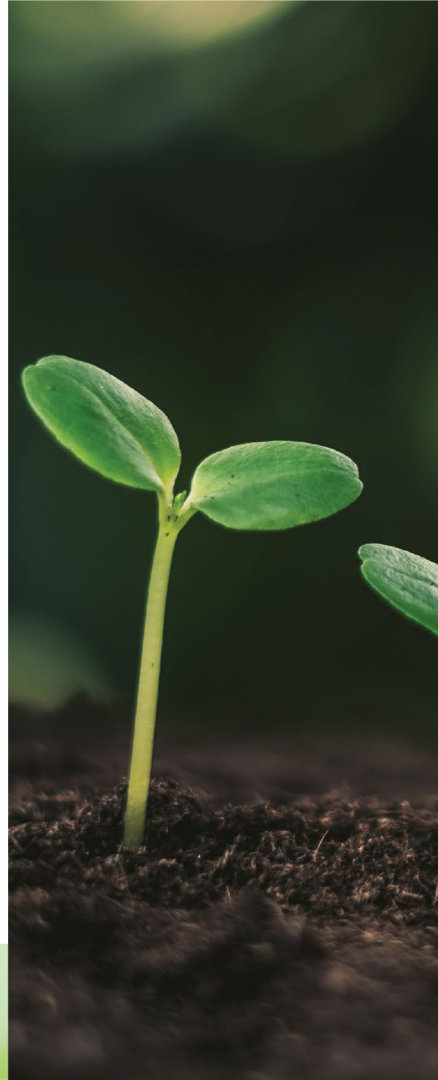
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Balance Sheet Assets

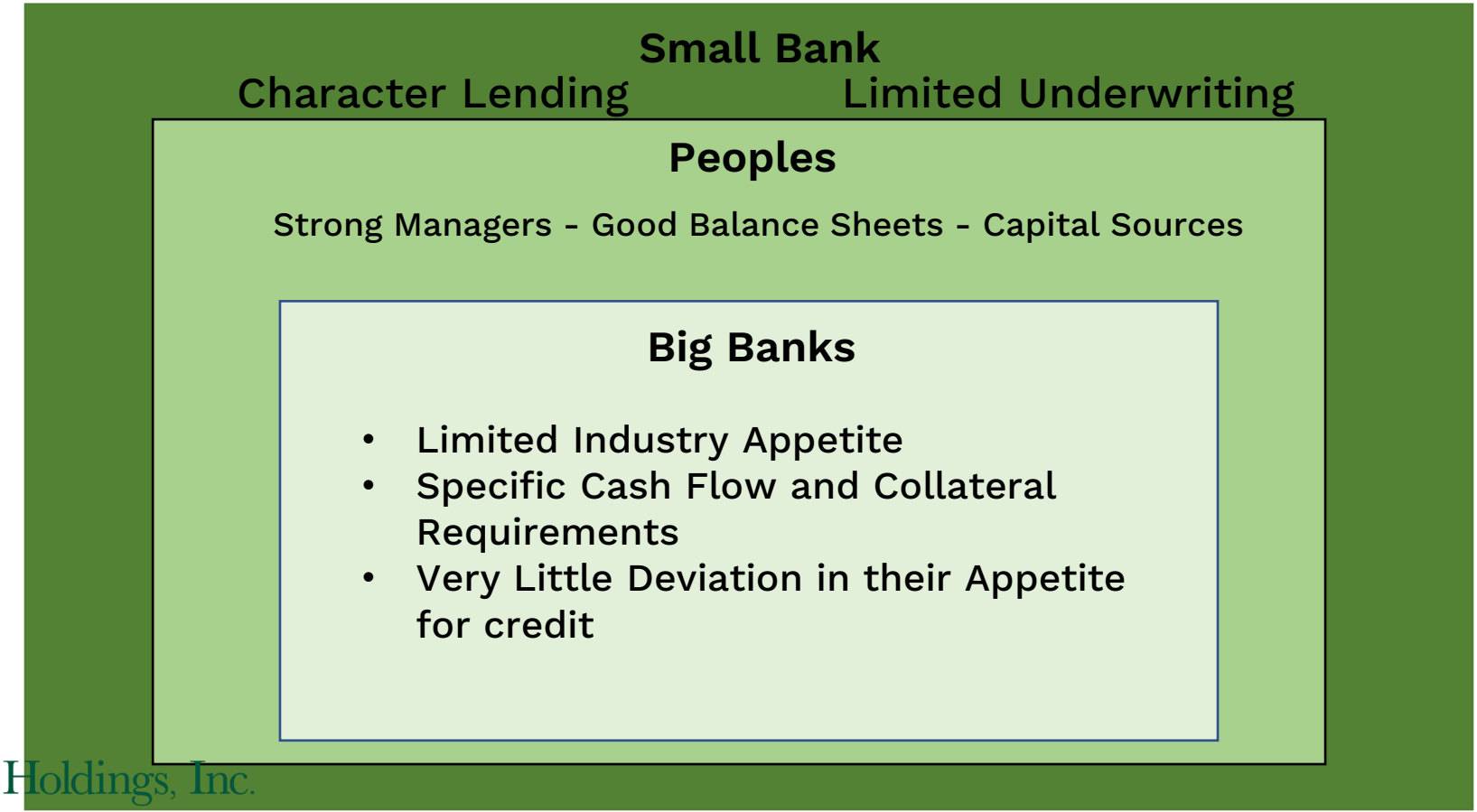
(12/31/21 Per Audited Statements) (000)

Cash and Cash Equivalents		$53,543
Investments		308,744
Loans (Net)		876,337
Commercial	740,176	
Retail Mortgage Loans	224,827	
Other (Loans in Progress & ALLL)	(88,666)	
Other		60,087
Total Assets		$1,298,711

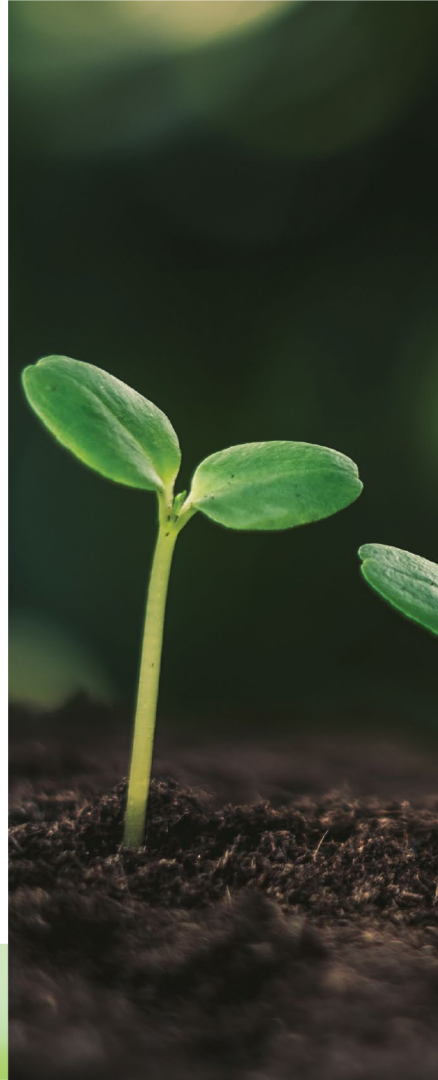
Credit Culture
“The Credit Box”



“The Credit Box”

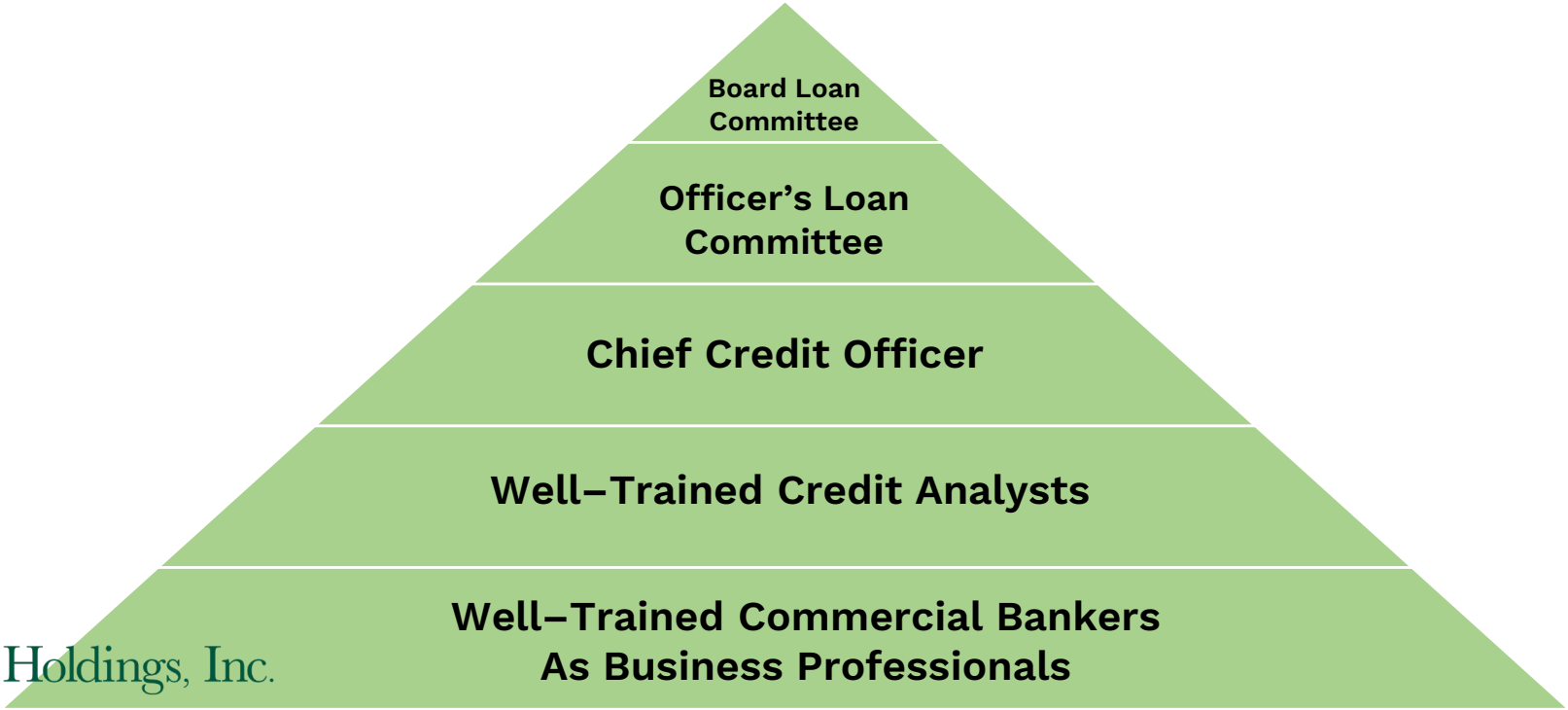


Loan Policy

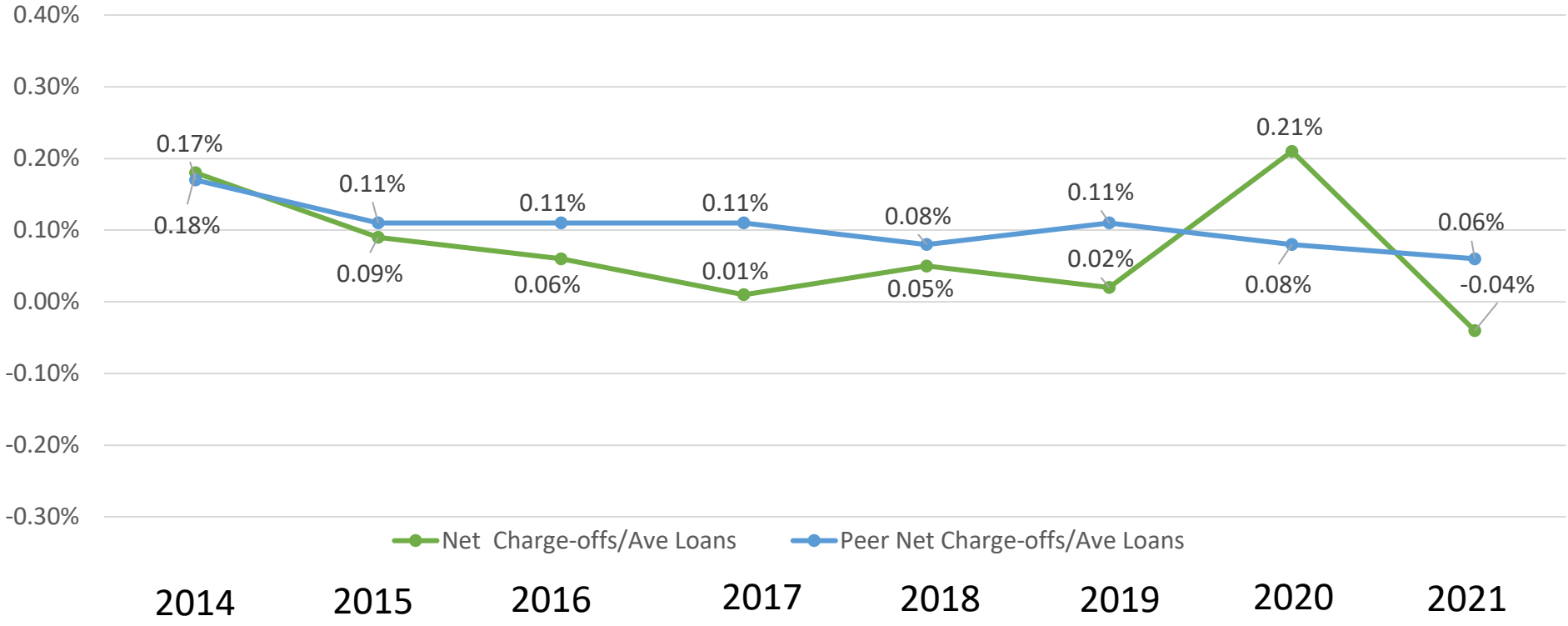


Credit Delivery

Credit Delivery



Charge-Off History vs Peers



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

Jeff Musa

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Regional President Southeast Wisconsin



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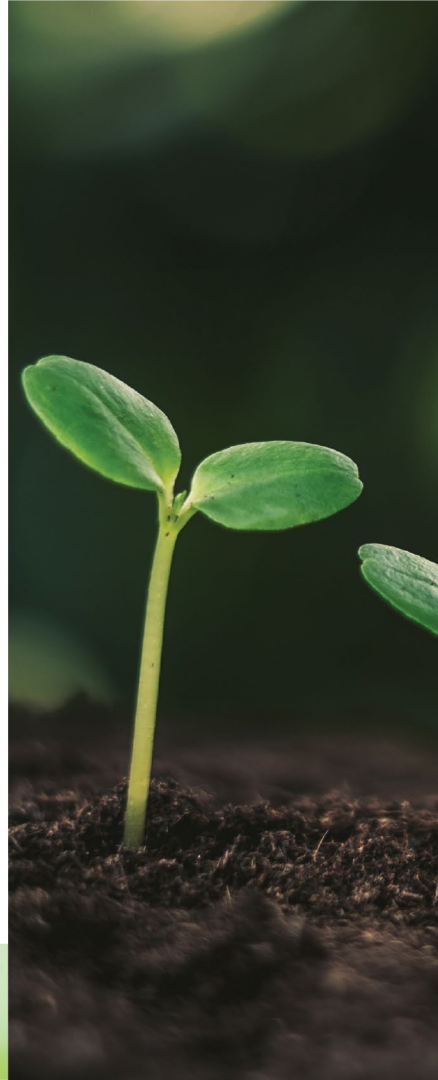
Taking a Different Approach





SE Wisc. Balance Sheet

- Gross Loans as of December 31, 2021
  - ➢$182 Million
    - ✓Waukesha - $71 Million
    - ✓West Allis - $111 Million
- Total Deposits as of December 31, 2021
  - ➢$129 Million
    - ✓Waukesha - $108 Million
    - ✓West Allis - $21 Million



SE Wisc. Market

- Continued Momentum in 2022

  - YTD commercial loan closing of $18 Million in new money booked through March 31, 2022

  - Equates to 45% of the bank-wide production of new money through the period



2021 Highlights - Southeast Market Success



Building Shareholder Value

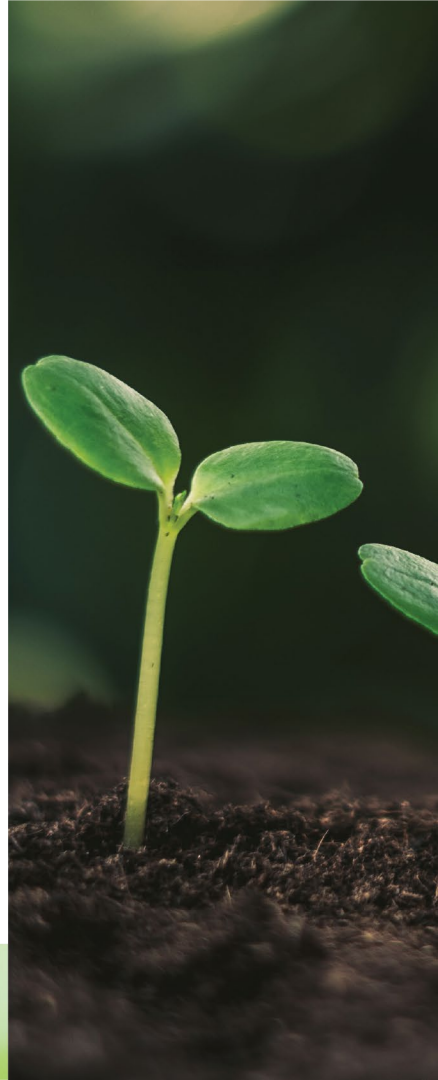


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Investment Appeal

Proven long term shareholder value:

- Customer and community-focused. An investment in Peoples State Bank is an investment in your community.
- Relationship based collaborative model
- Diversified customer base, markets, and fee income sources
- Up to date on technology investments
- Combination of people, markets, and funding capacity for current growth to $1.5 billion assets
- Long term shareholder value return on equity and dividend growth proven strong



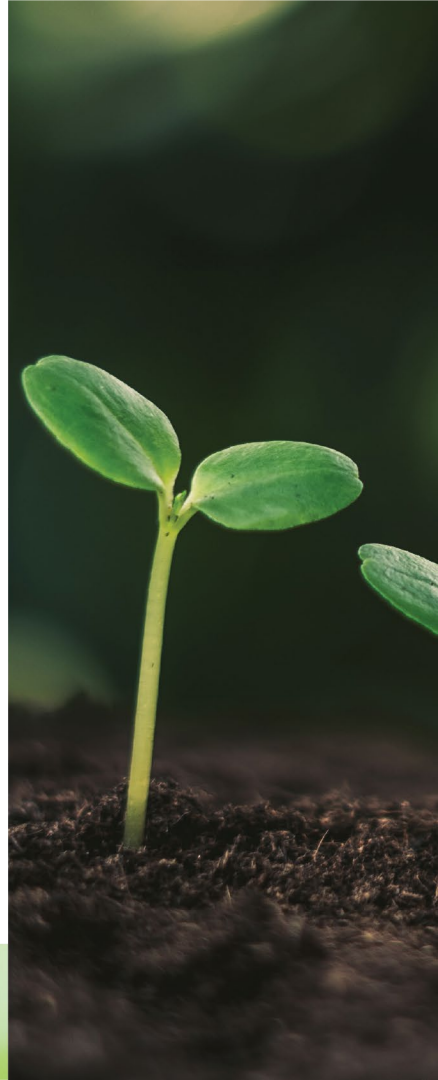
Investment Appeal

10-year lookback through 12/31/2021

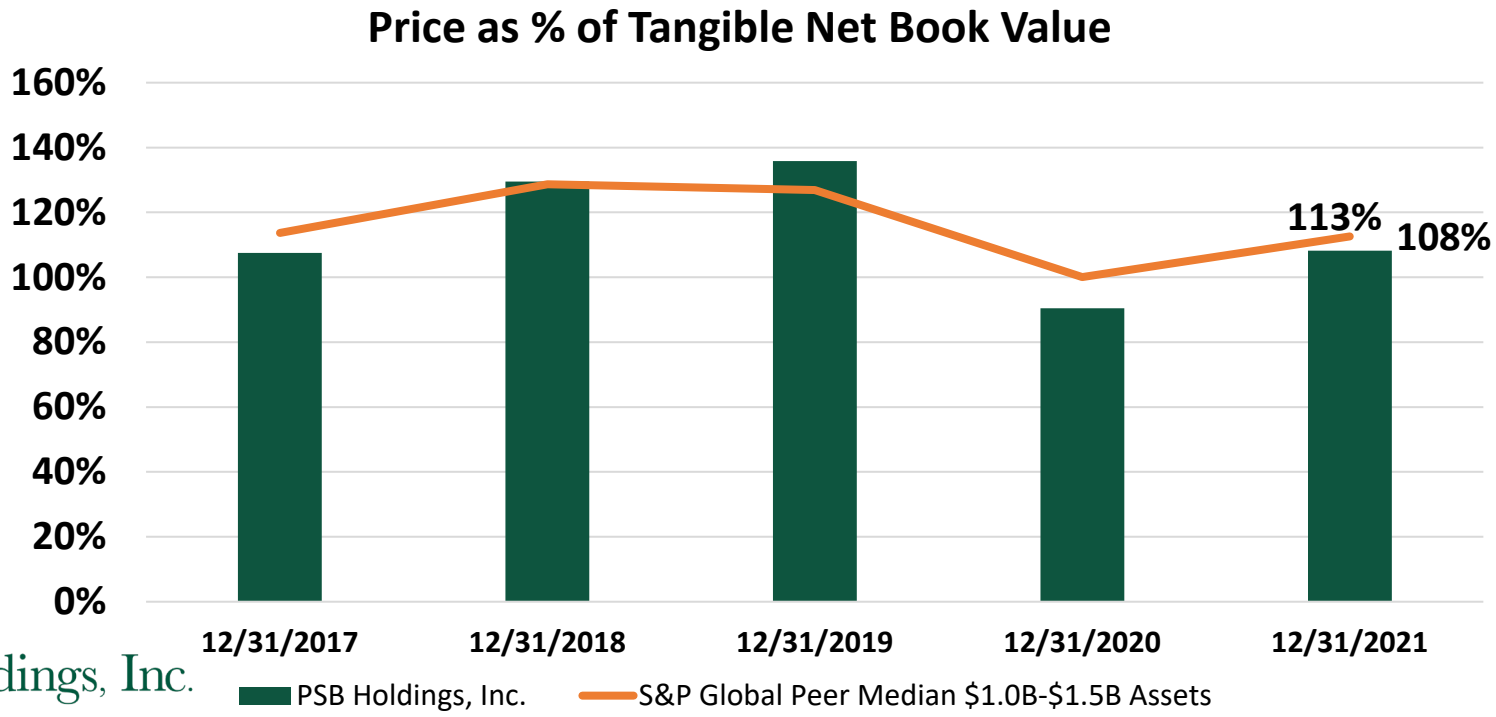
Regular book value growth	Price increases tied to NBV growth	Growing dividend	Liquidate when desired
10 yr ROE 11.37% avg (8.37% min.)	10 yr CAGR Stock price +13.27% TNBV/shr +9.15%	10 yr CAGR Cash div +6.95% Current div yield 1.77%*	Past 10 years: 1,678 shares/day $44,000/day*

Investment Near Net Book Value

*based on $26.05 share price

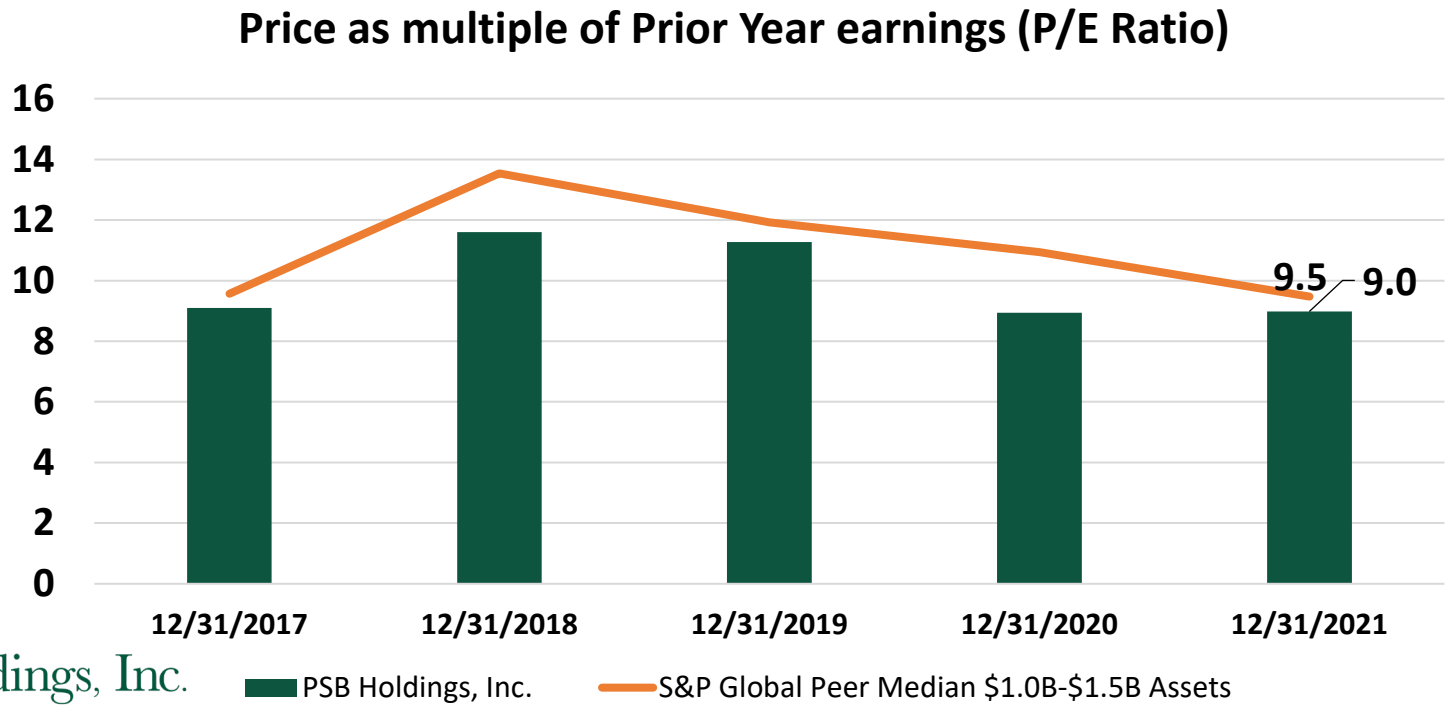


Price to Tangible Net Book Value



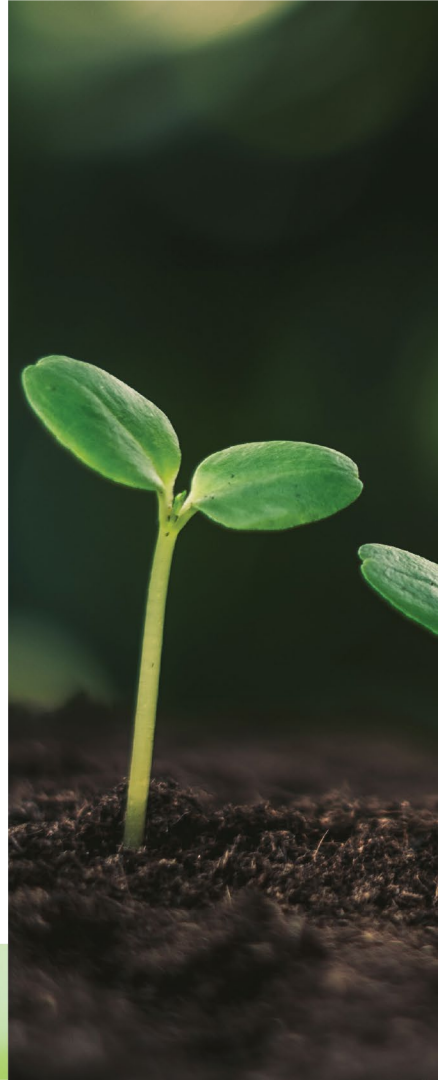
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Price to Prior Year Earnings



Shareholder Buyback Activity

- 14,593 shares repurchased in 2021
- “Walk-in” buyback program for “registered shareholders”
- Recurring quarterly buyback of open market shares



Annual Business Meeting

- New ballots mailed on April 11
- Tabulation to be made May 13

Questions?
Answers

Thank you!