PSB Holdings, Inc.

"PSBQ"

RAYMOND JAMES

Raymond James US Bank Conference

September 7-8, 2022

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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.



Jessica M. Brown is Secretary and Treasurer of PSB Holdings, Inc. and Senior Vice President and Chief Financial Officer of Peoples State Bank. Prior to joining Peoples in June of 2022, Ms. Brown was Chief Financial Officer of a $5B financial institution. She has also held multiple financial leadership roles in banks of various sizes (including Associated Bank) and has spent more than a decade working as a CPA in public accounting practice (both at a regional and national firm). Ms. Brown has more than 25 years of collective experience working with and for financial institutions. She currently serves as a Board member and Treasurer of the Women's Fund of the Fox Valley. Ms. Brown also is a Board member and Investment Committee Chair for LEAVEN and serves on the Finance Committee for Habitat for Humanity (Fox Valley).

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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 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 were 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 $1.8 million annually. Ranked #1 in Wisconsin for SBA 504 lending through WBD, Inc.

- PSB Holdings, Inc. is traded under the stock symbol "PSBQ" on the OTCQX – Best Market Exchange.

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Award Winning Service

- **Shareholder focused** – American Banker Magazine "Top 200 Community Banks" list in 2022 for 13 consecutive years
- **Customer focused** – Peoples State Bank voted "Best Bank in Marathon County" by readers of the Wausau Daily Herald for the past 11 years
- **Employee focused** – American Banker Magazine voted "Best Bank to Work For" by its staff for the past 3 years

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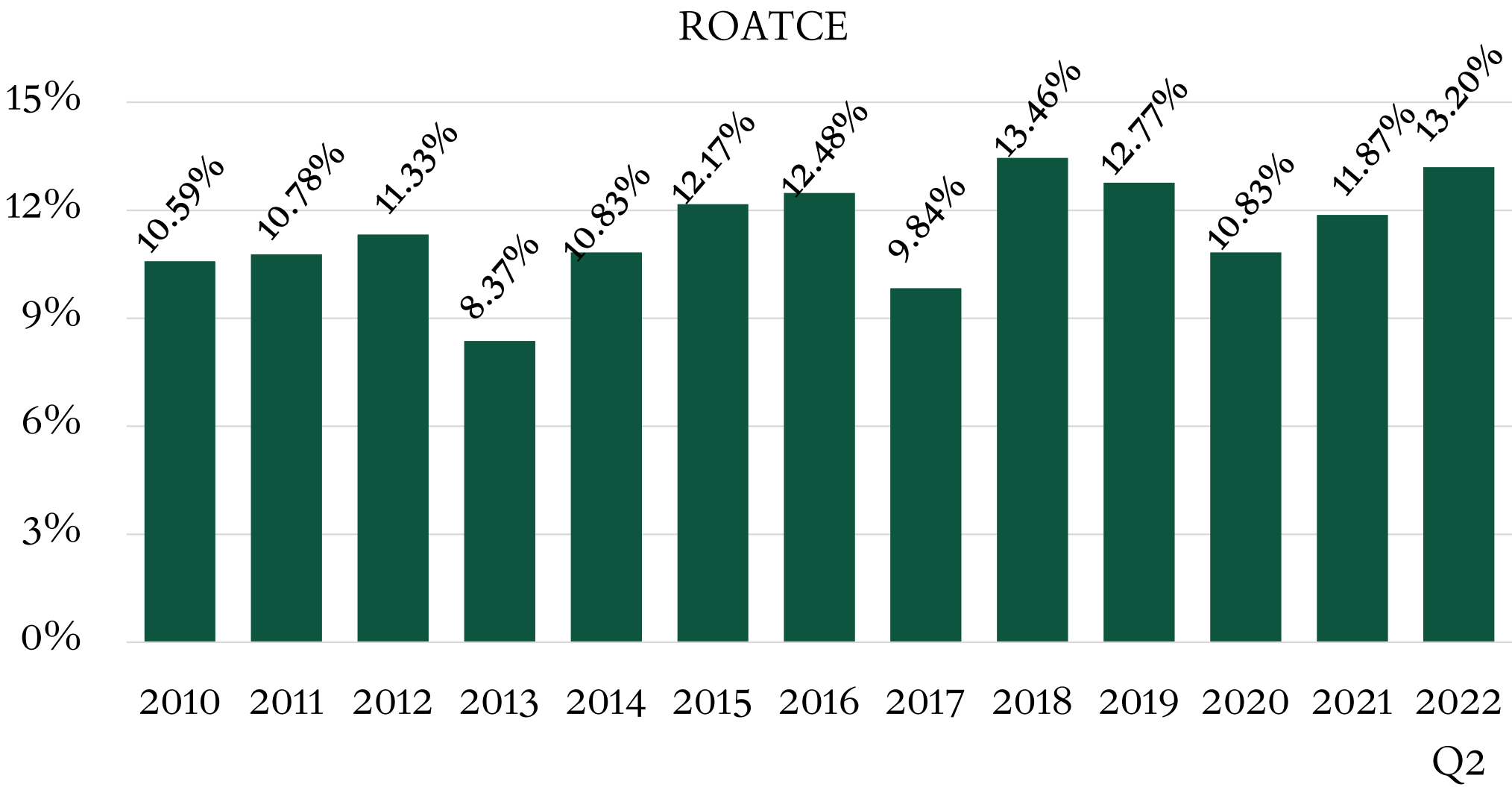
History of Returns



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Financial Highlights

($ in Millions)	2019	2020	2021	2022 Q2
Total Assets	$975	$1,132	$1,299	$1,308
Total Loans	708	822	879	926
Total Deposits	782	932	1,105	1,113
Total Equity	93	104	111	96
ROAA	1.22%	1.01%	1.03%	1.02%
ROATCE	12.77	10.83	11.87	13.20
Efficiency Ratio	59.11	54.17	56.90	62.31
NPA/Assets	0.55	0.90	1.06	0.88
NCO/Avg Loans	0.02	0.21	-0.04	-0.04

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Strategic Focus

Targets

- Expand assets to $1.8B - $2.0B
- Disciplined acquisition strategy: Explore new LPO markets and small bank acquisitions
- Convert LPO operations in Stevens Point to full-service branch
- Manage cash resources needed for acquisitions and share repurchases
- Expand private banking services with dedicated bankers
- Expand SBA 7a loan program to join robust SBA 504 program

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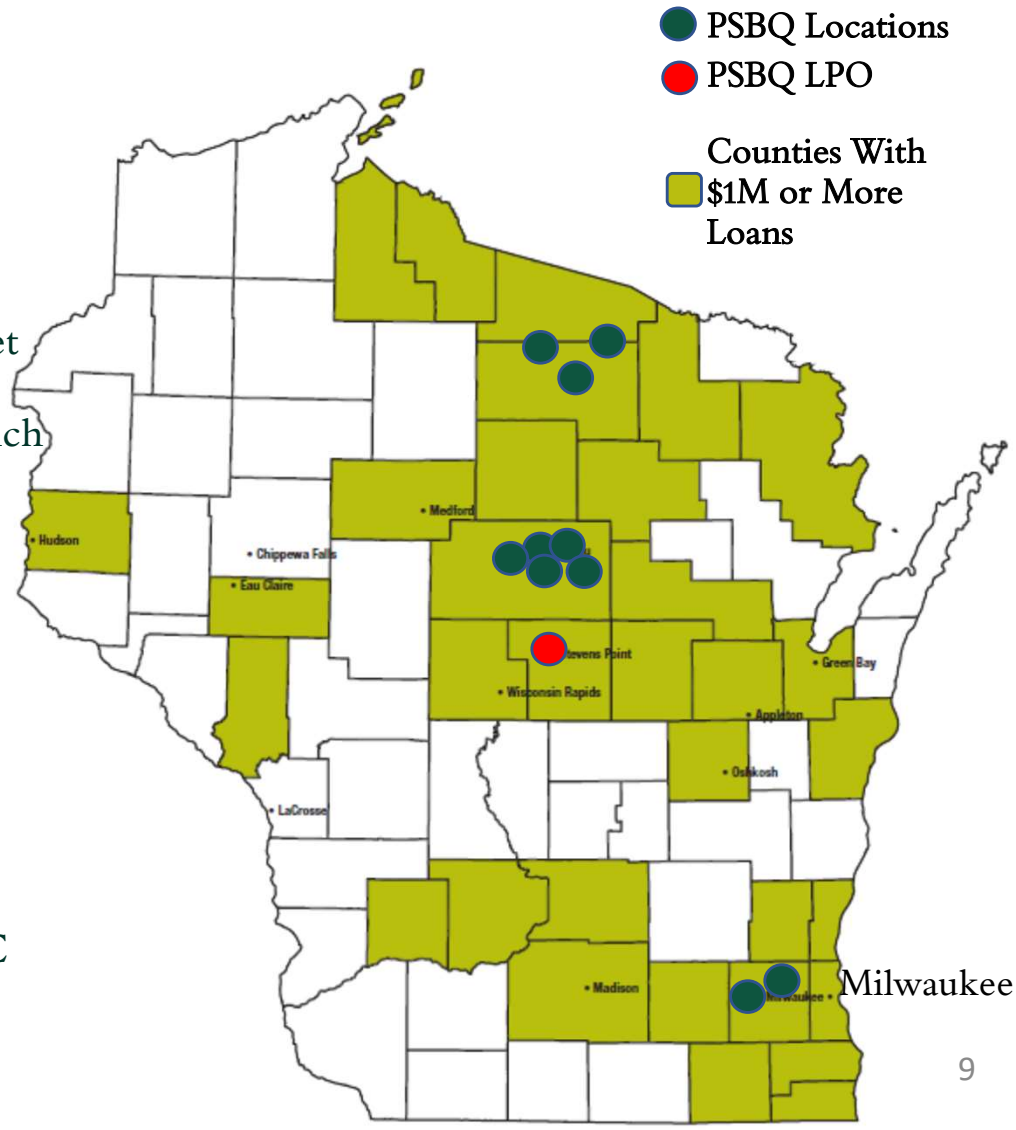
Disciplined Acquisition Strategy

- **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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Business Model Strengths

- Well-diversified loan portfolio
- History of strong earnings
- Margin improvement in a rising rate environment
- Operating expense ratio outperforming our peers
- Continued expansion into growth markets
- Good asset quality supported by conservative underwriting

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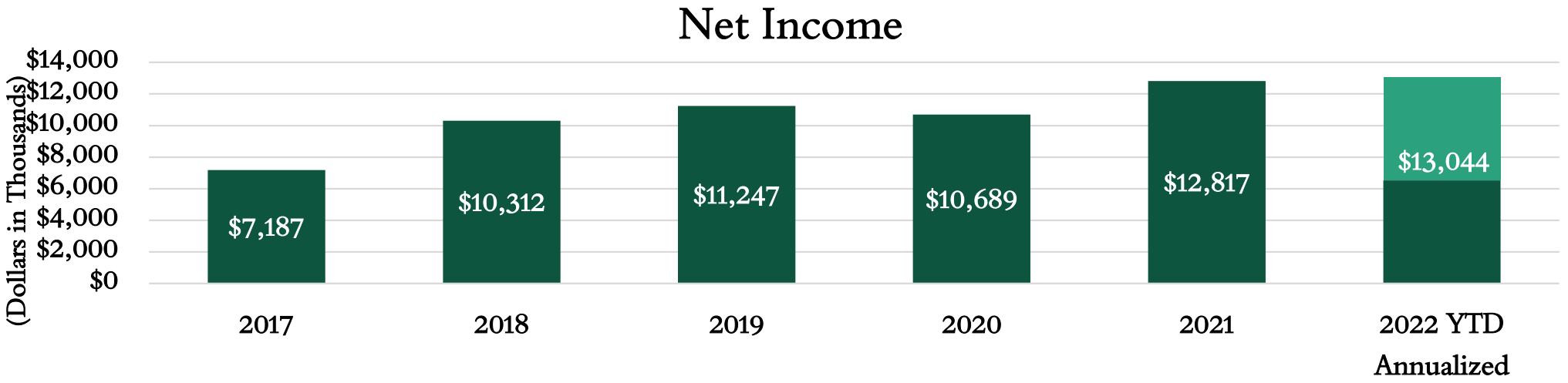
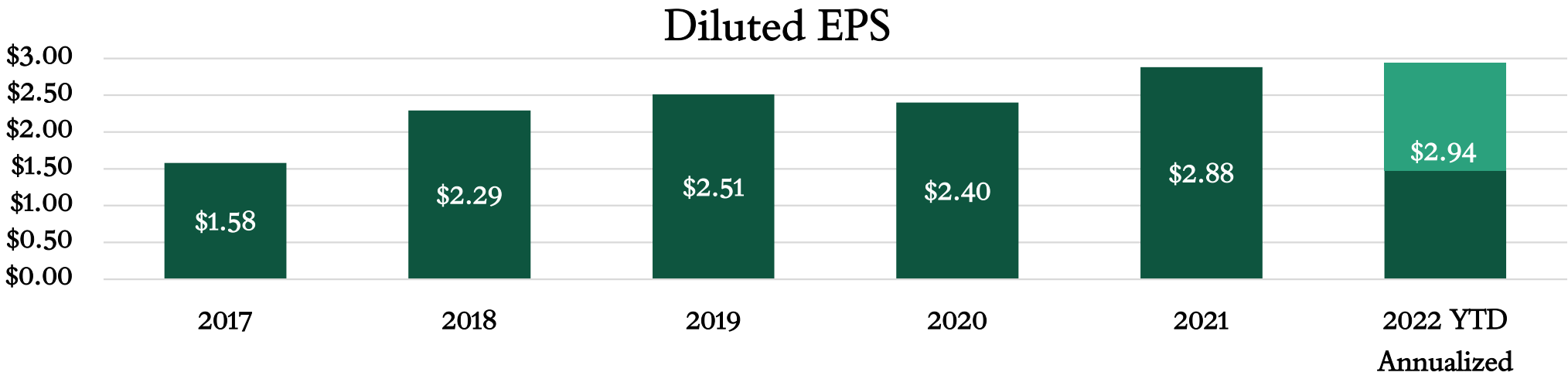
Net Income Trends





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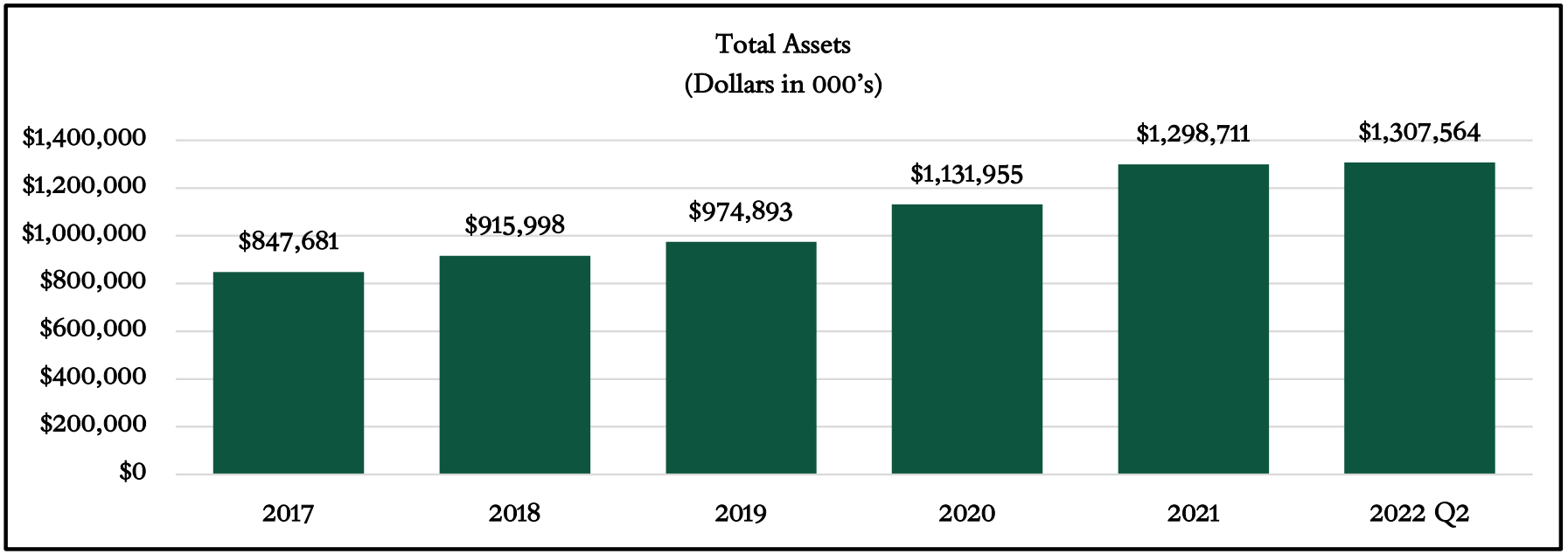
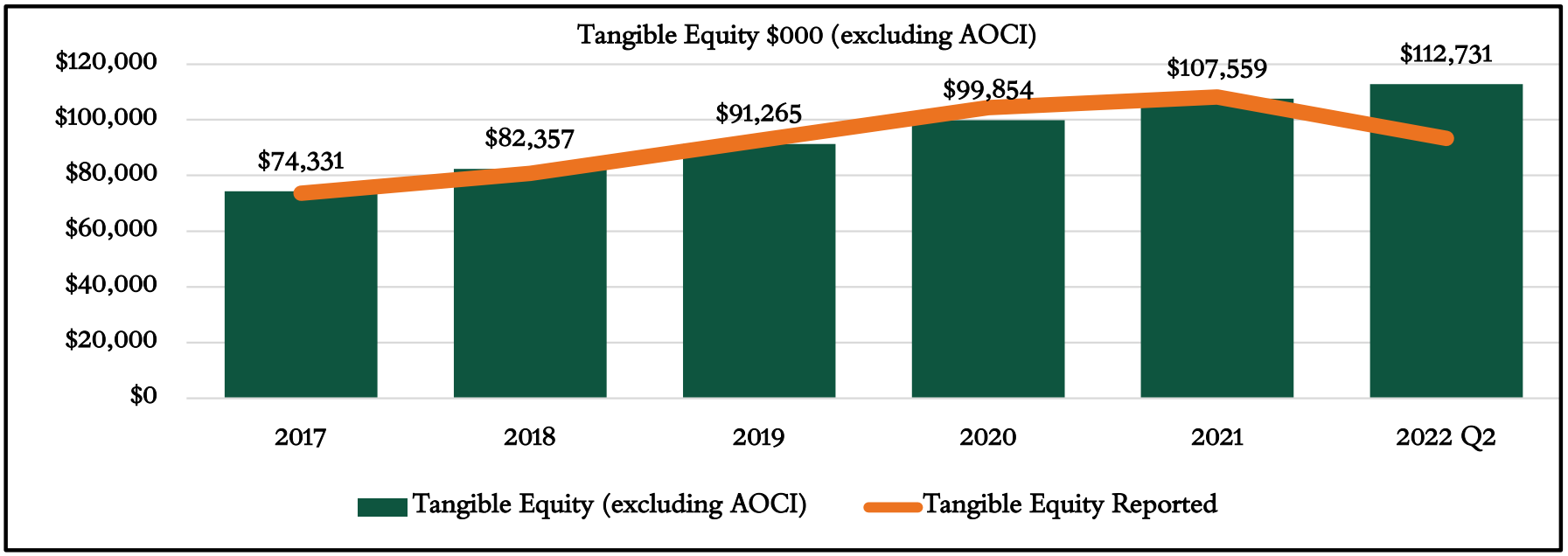
Balance Sheet Trends





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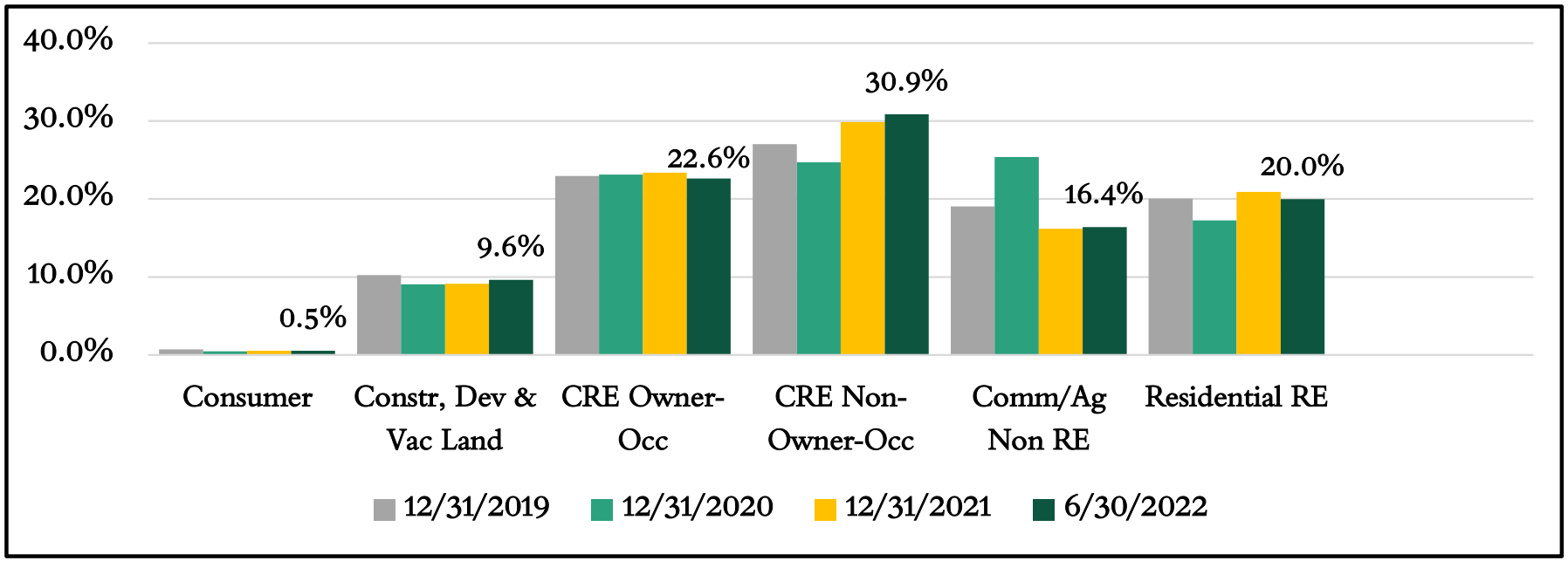
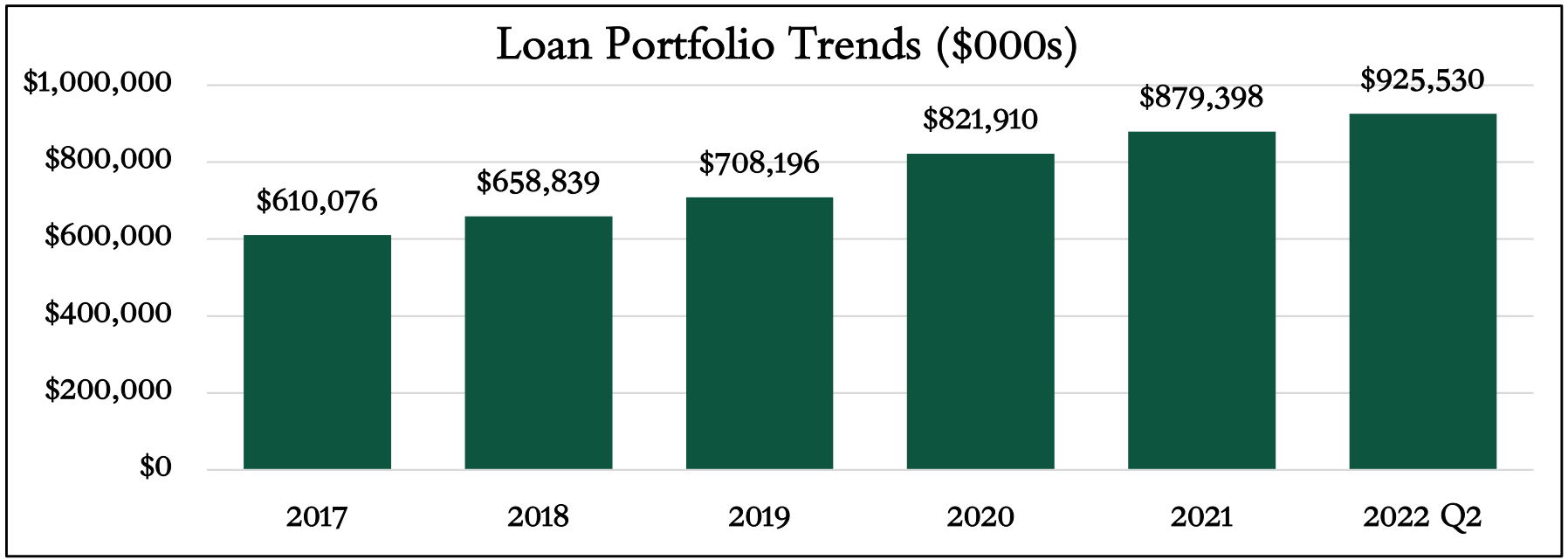
Loan Portfolio





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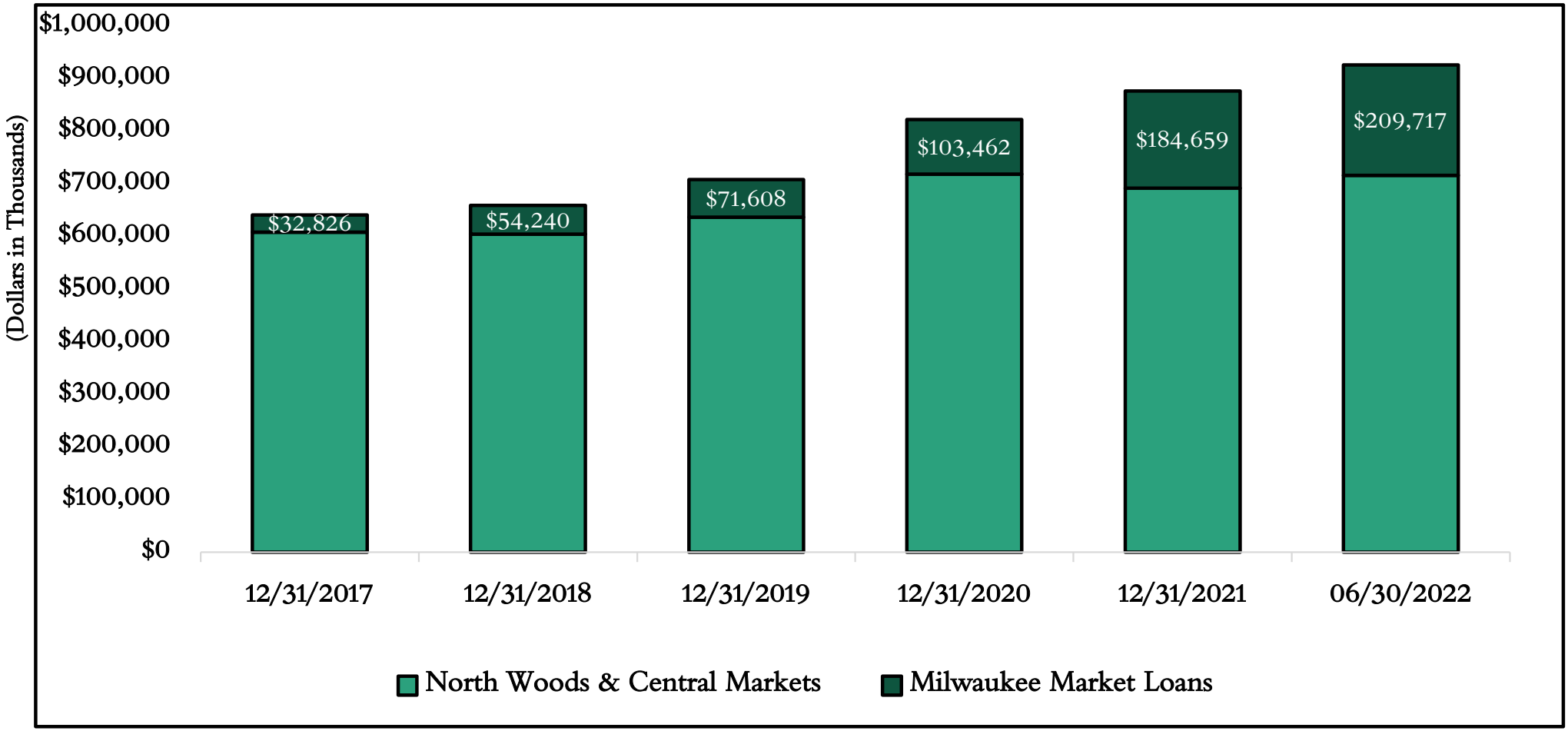
Milwaukee Growth



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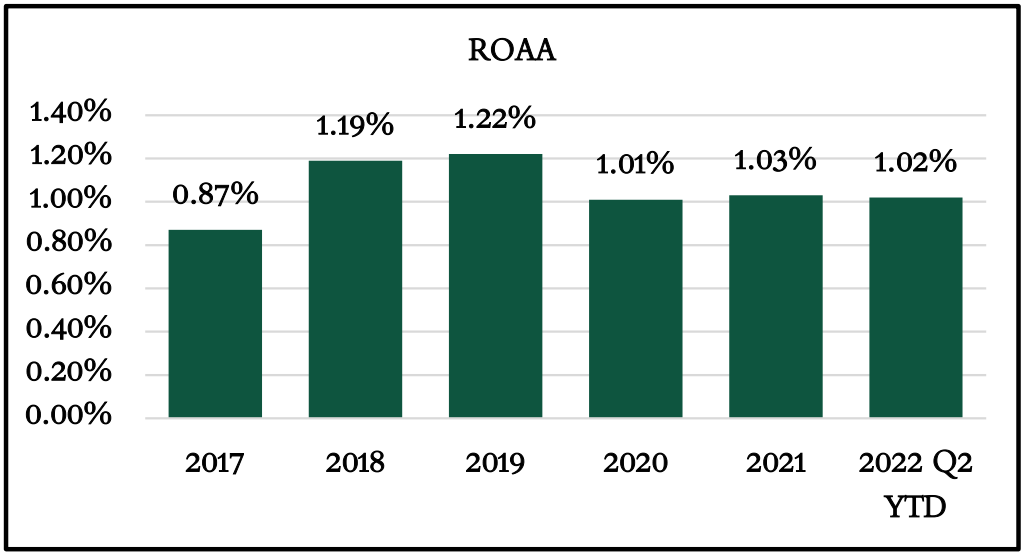
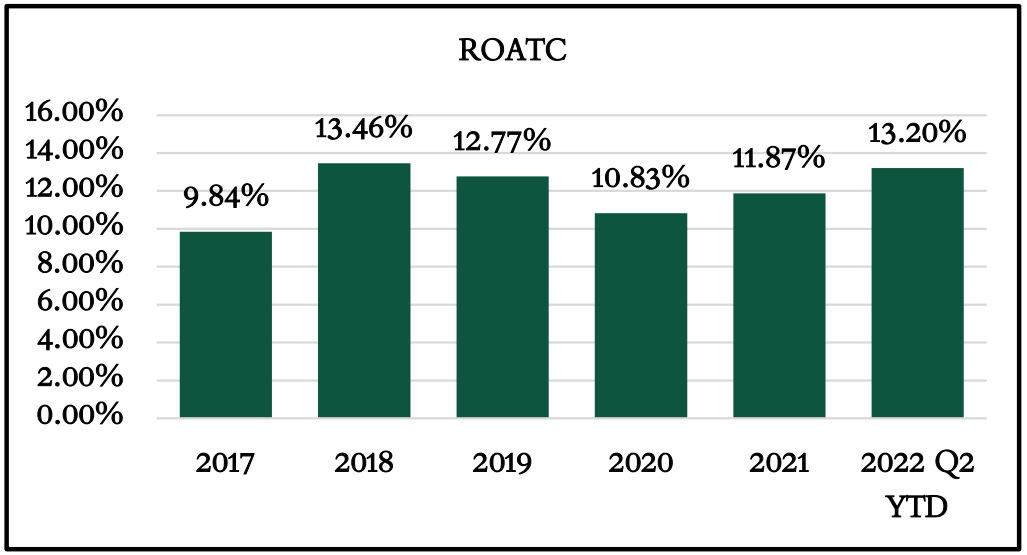
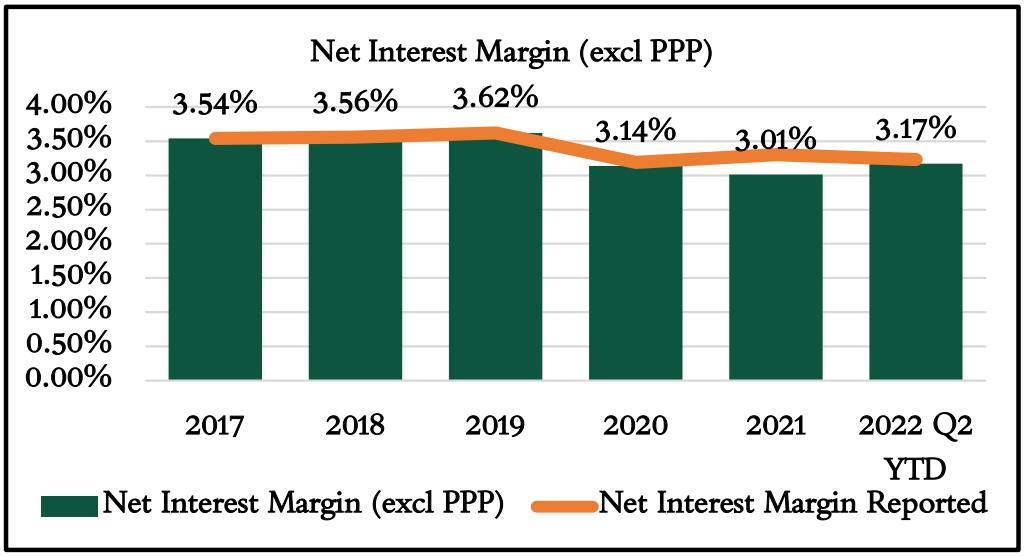
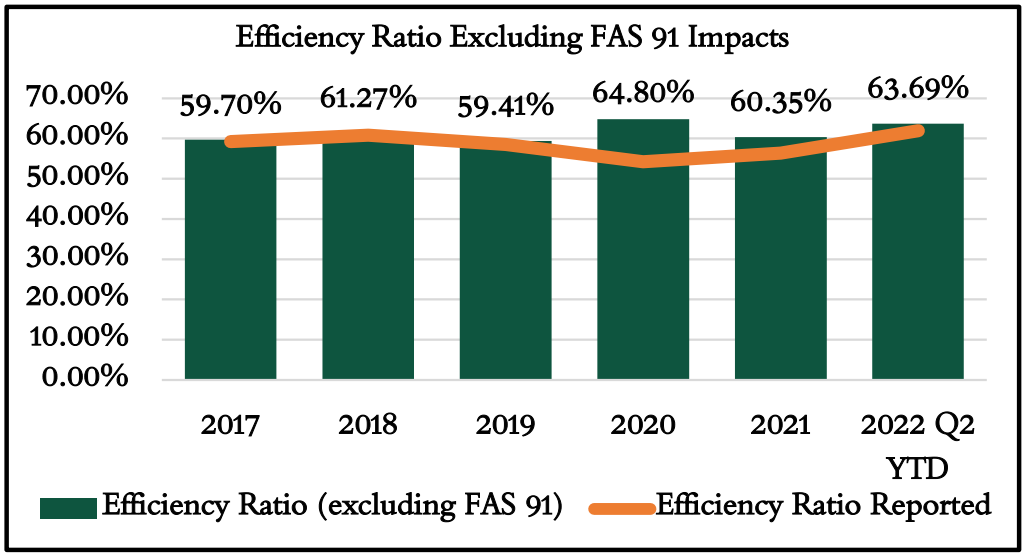
Earnings Trends









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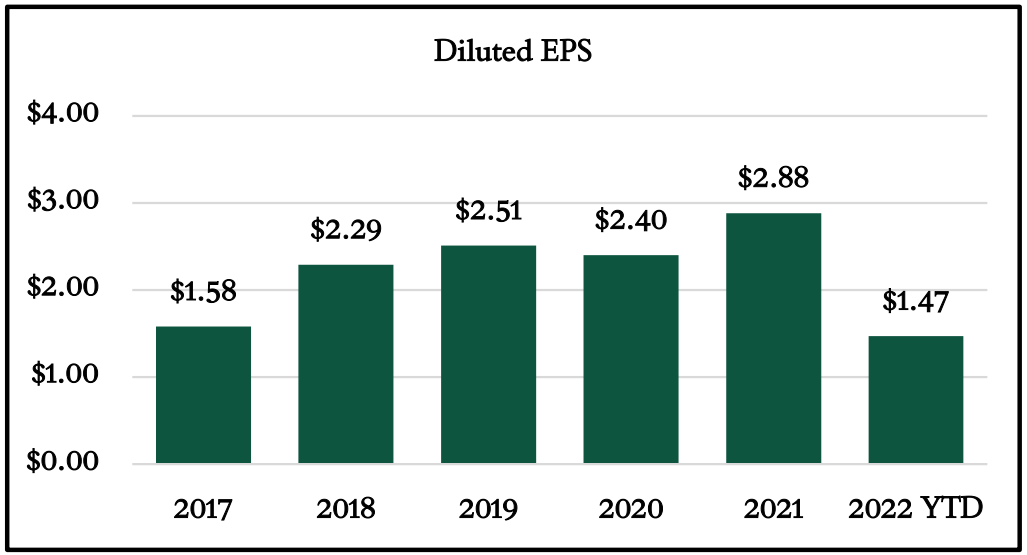
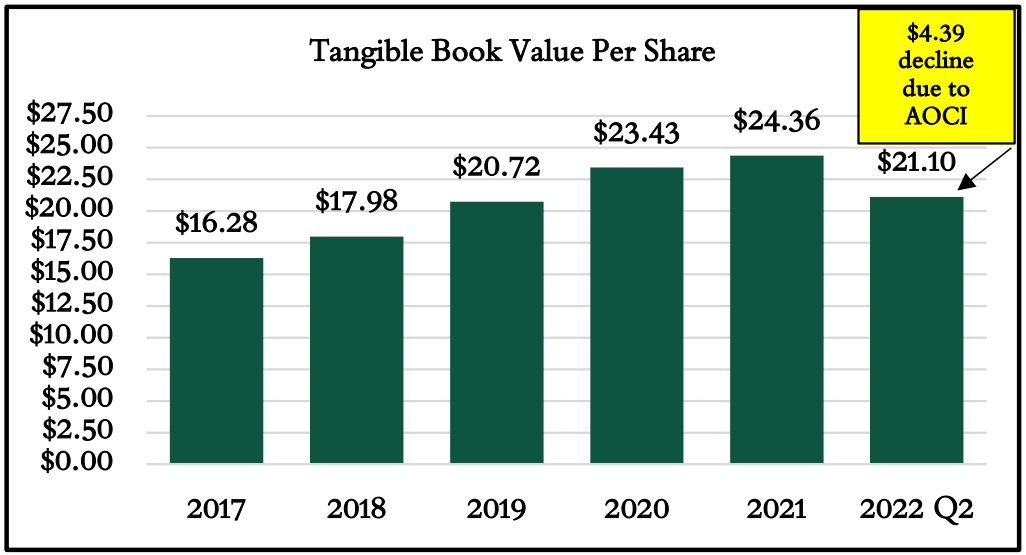
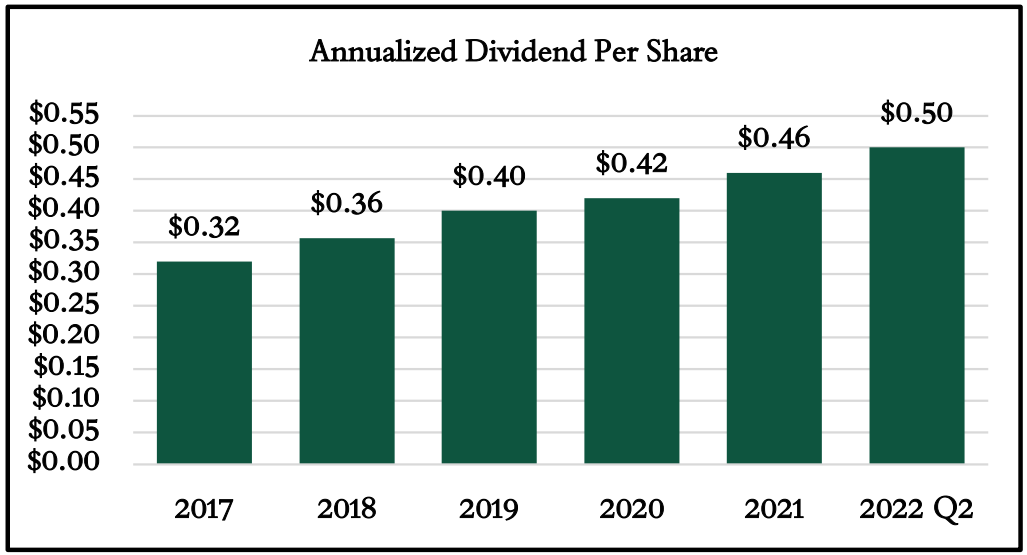
Per Share Trends







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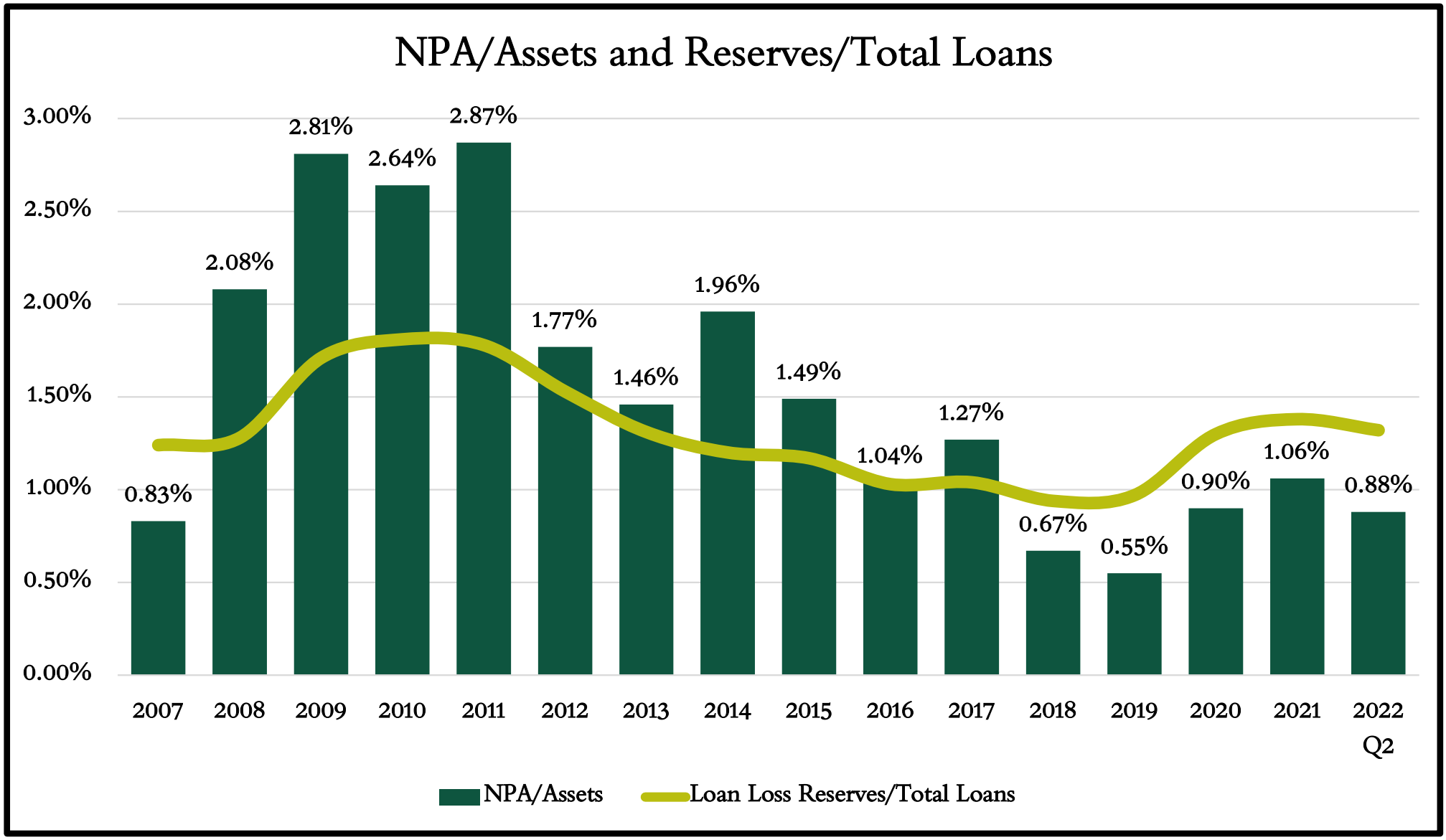
Asset Quality Trends



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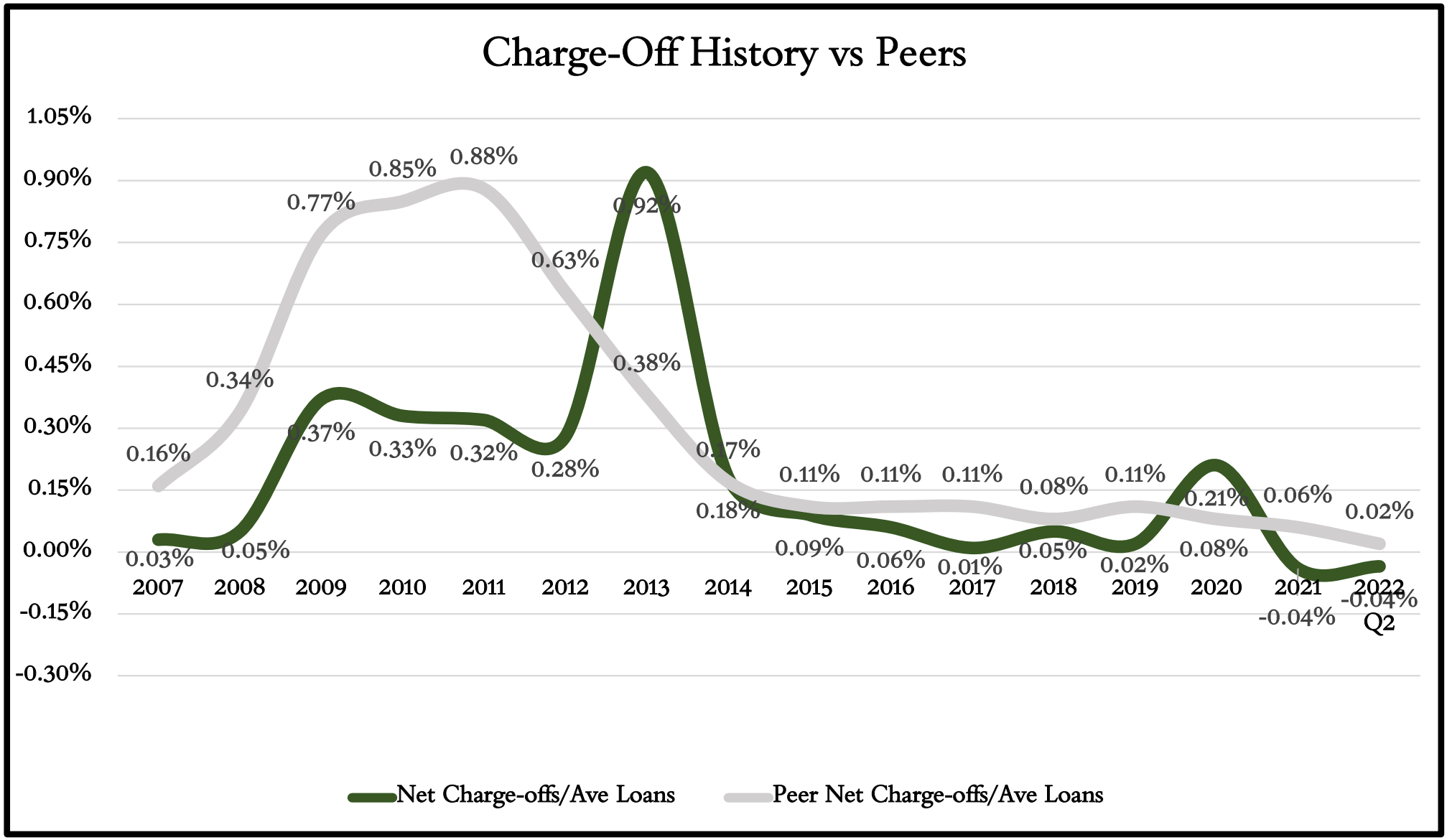
Charge-Off History



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $2.0 billion at 06/30/22

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Asset Quality Trends

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

Risk Rating		12/2019	%	12/2020	%	12/2021	%	06/2022	%
Rating 1	"High Quality"	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 48	0.0%
Rating 2	"Minimal Risk"	57,904	10.3%	61,223	9.0%	70,886	9.6%	107,651	13.5%
Rating 3	"Average Risk"	349,002	62.3%	390,191	57.0%	383,951	51.9%	393,316	49.5%
Rating 4	"Acceptable Risk"	128,932	23.0%	175,400	25.6%	222,641	30.1%	235,961	29.7%
Rating 5	"Watch Risk"	15,933	2.8%	36,379	5.3%	37,194	5.0%	40,885	5.1%
Rating 6	"Substandard Risk"	2,568	0.5%	7,617	1.1%	4,182	0.6%	5,734	0.7%
Rating 7	"Impaired Loans"	5,518	1.0%	13,153	1.9%	21,322	2.9%	11,287	1.4%
Totals		$ 559,857		$ 683,963		$ 740,176		$ 794,882	

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

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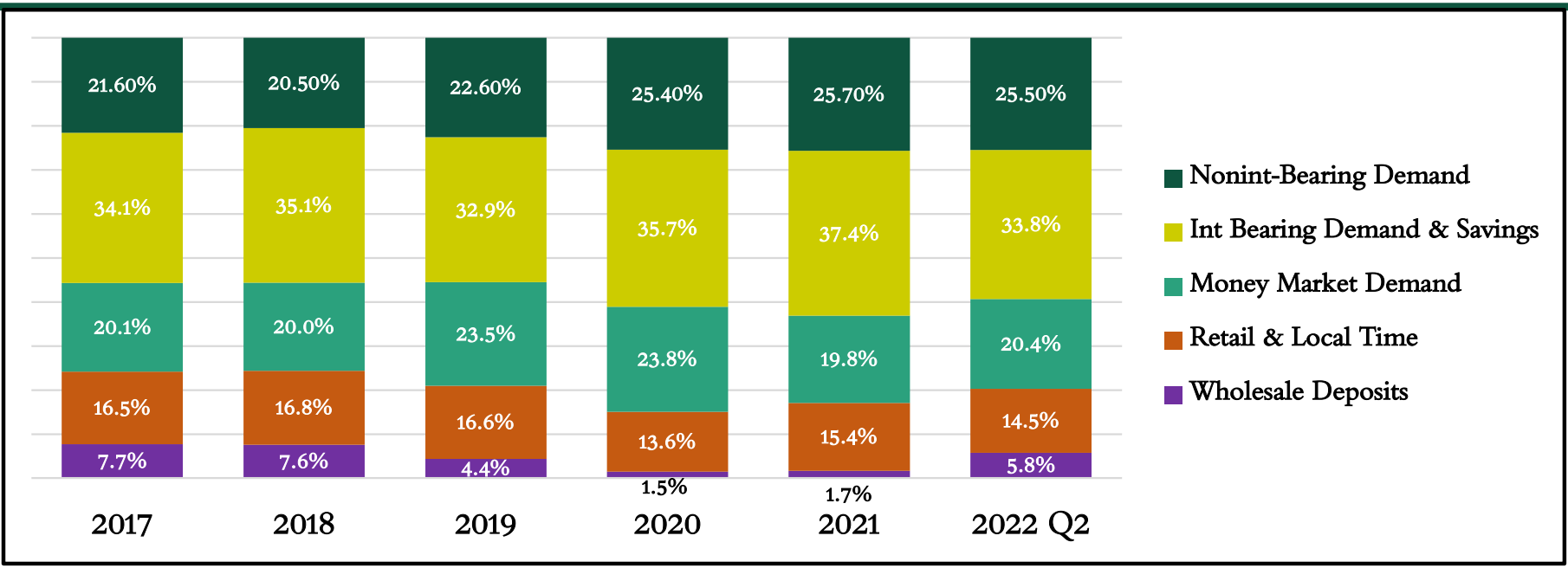
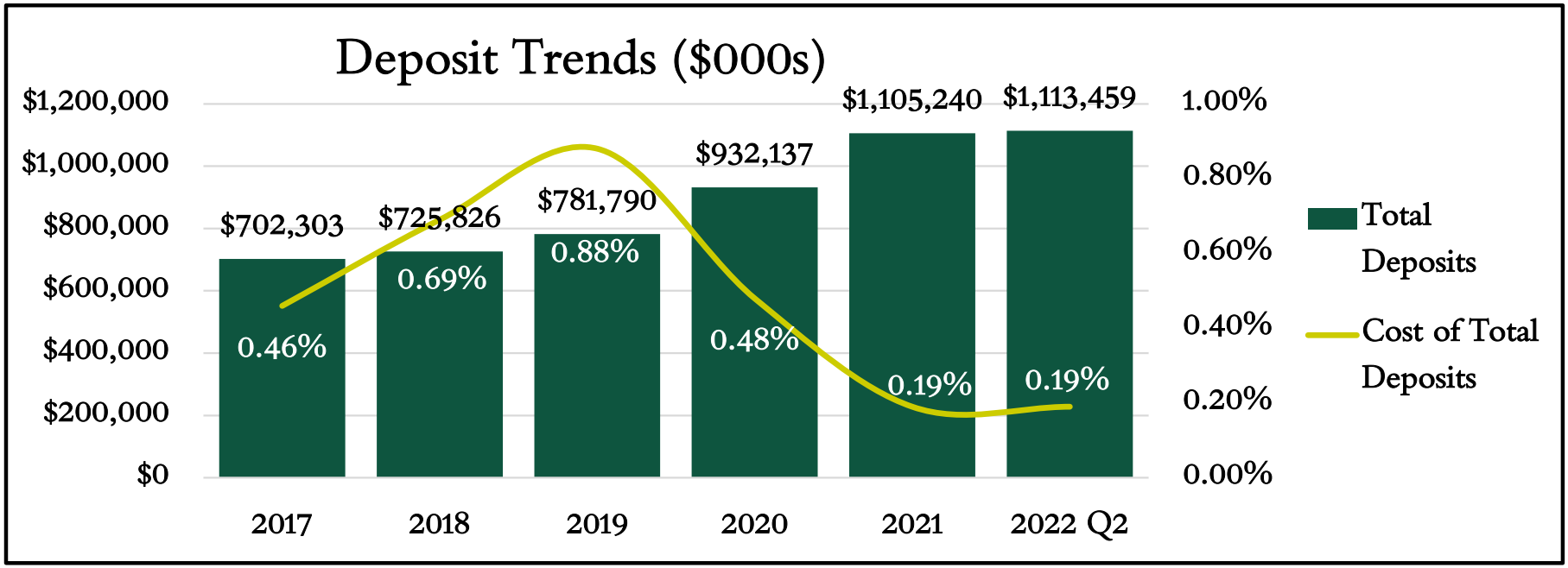
Deposit Portfolio





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Key Data at a Glance

(Dollars in Thousands)	2022 Q2 YTD	2021	2020	2019	2018	2017
Total Assets	$1,307,564	$1,298,711	$1,131,955	$974,893	$915,998	$847,681
Total Loans	$925,530	$879,398	$821,910	$708,196	$658,839	$610,076
Total Deposits	$1,113,459	$1,105,240	$932,137	$781,790	$725,826	$702,303
Tangible Common Equity	$93,308	$108,187	$104,312	$92,578	$80,727	$73,669
ROAA	1.02%	1.03%	1.01%	1.22%	1.19%	0.87%
ROATCE	13.20%	11.87%	10.83%	12.77%	13.46%	9.84%
EPS	$1.47	$2.88	$2.40	$2.51	$2.29	$1.58
Tangible Book Value Per Share	$21.10	$24.36	$23.43	$20.72	$17.98	$16.28
Annualized Dividends Per Share	$0.500	$0.460	$0.420	$0.400	$0.357	$0.320
Price	$23.50	$26.05	$20.57	$28.00	$22.50	$23.17
Market Capitalization ($000)	$103.94	$115.67	$91,583	$125,082	$100,978	$104,751
Price/LTM EPS	7.8	9.0	8.6	11.1	9.8	14.7
Price/Tangible Book	111.4%	106.9%	87.8%	135.1%	125.1%	142.3%
Dividend Yield	2.13%	1.75%	2.04%	1.43%	1.59%	1.38%

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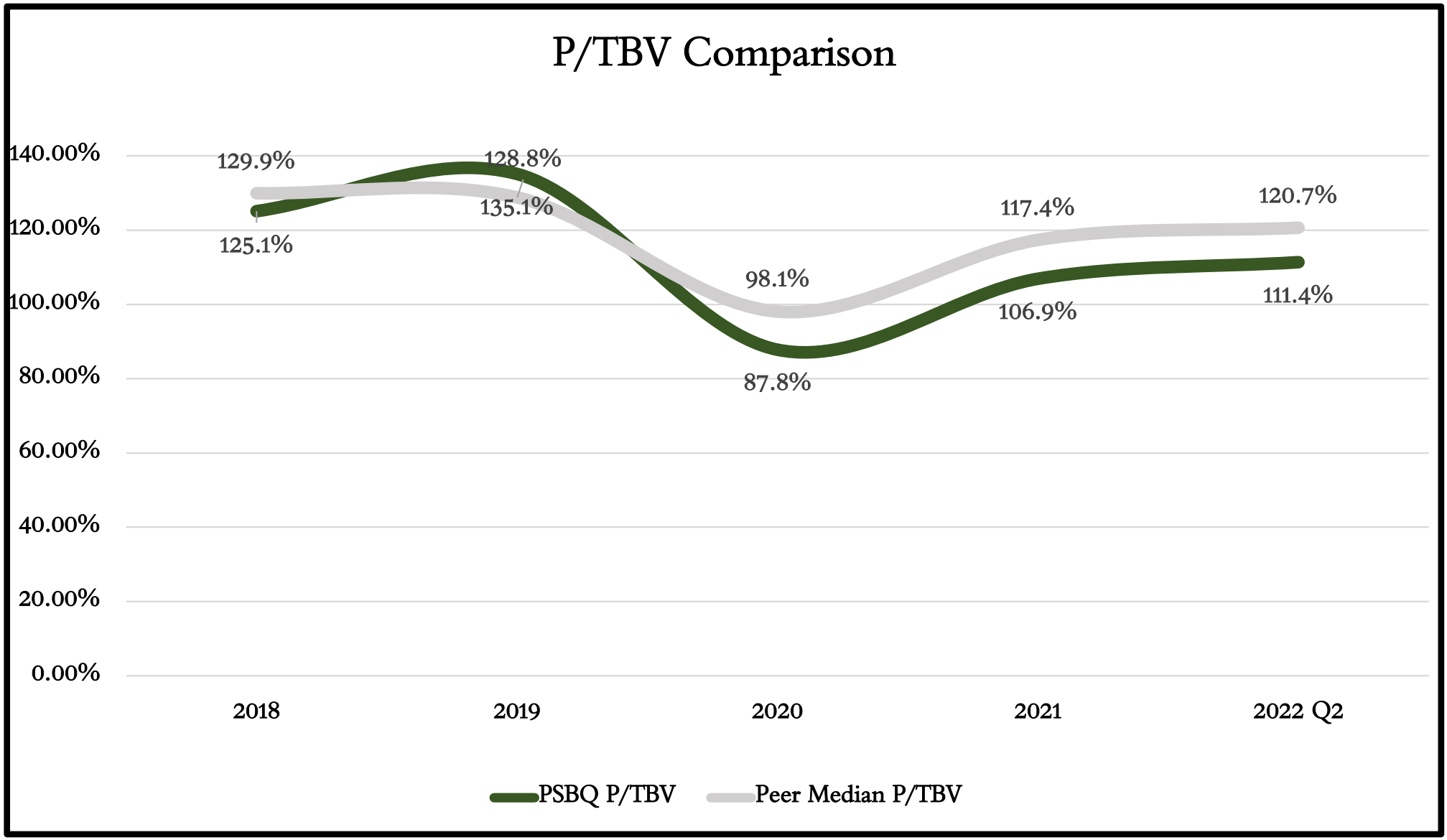
P/TBV Comparison



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $2.0 billion at 06/30/22

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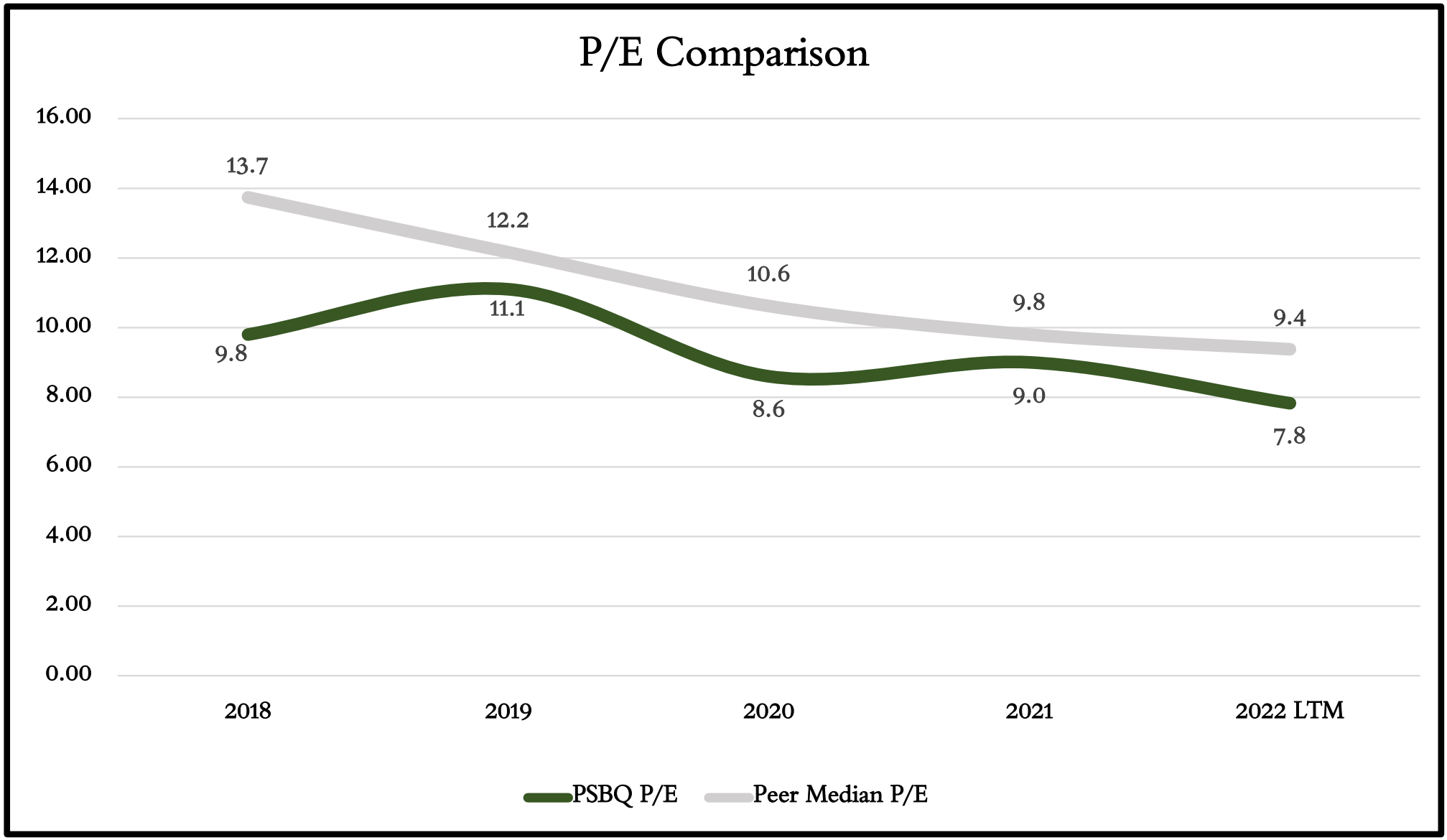
P/E Comparison



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Challenges and Opportunities

Challenges

- Margin Management in a Volatile and Rapidly Changing Interest Rate Environment
- Managing Asset Quality in a Slowing Economy
- Expanding Market Presence to Higher Growth Areas

Opportunities

- Strengthen Capital to Facilitate Acquisitions and Capital Management Strategies
- Establish LPO's in Growth Markets
- Roll-up Smaller Banks in Select Markets

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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
- ✓ 29 Year History of Increasing Dividends Paid to Shareholders
- ✓ Efficient Franchise With Significant Market Presence in Each Branch Market Area
- ✓ Ample Organic Growth Opportunities and Acquisition Roll-Up Opportunities Subject to Accretive Pricing