Annual Shareholder Meeting

PSB HOLDINGS, INC.



William J. Fish

Chairman
PSB Holdings, Inc.
Peoples State Bank

PSB HOLDINGS, INC.



PSB HOLDINGS, INC.



Scott M. Cattanach

President & CEO
PSB Holdings, Inc.
Peoples State Bank

PSB HOLDINGS, INC.

Forward Looking Statements

Certain matters discussed in this presentation, including without limitation 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 and 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, and other risks and assumptions.

PSB assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

Agenda

Scott M. Cattanach

- Looking Back – 2022 Highlights
- Peoples State Bank – Strength & Stability
- Momentum Forward – 2023 Actions

Erik Rajek

- Commercial Credit Risk Review

Jessica M. Brown

- 2022 Financial Review
- Shareholder Value Strategies

Scott M. Cattanach

- Formal Business – Shareholder Vote
- Questions & Answers

60 Years of Community Banking







PSB HOLDINGS, INC.

60 Years of Community Banking



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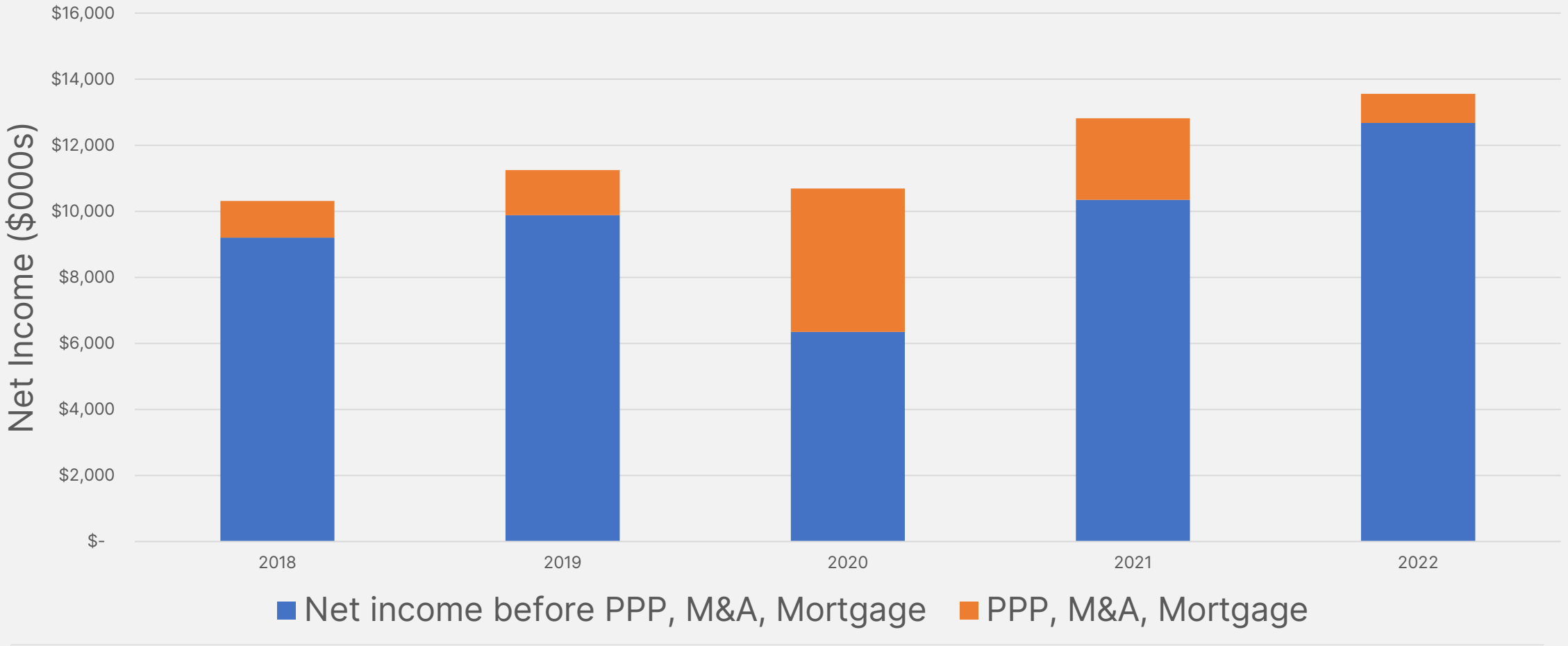
Net Income – As Reported and "Core"



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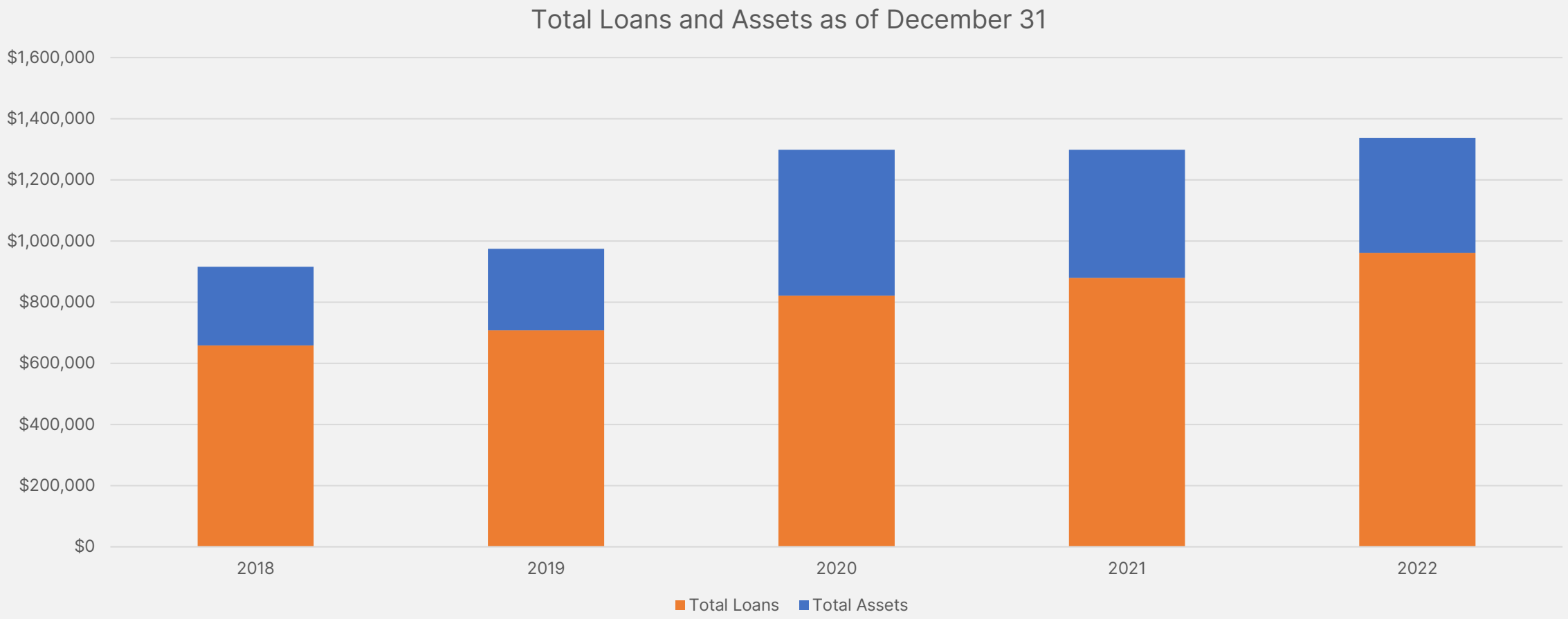
Asset Growth



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Stevens Point LPO





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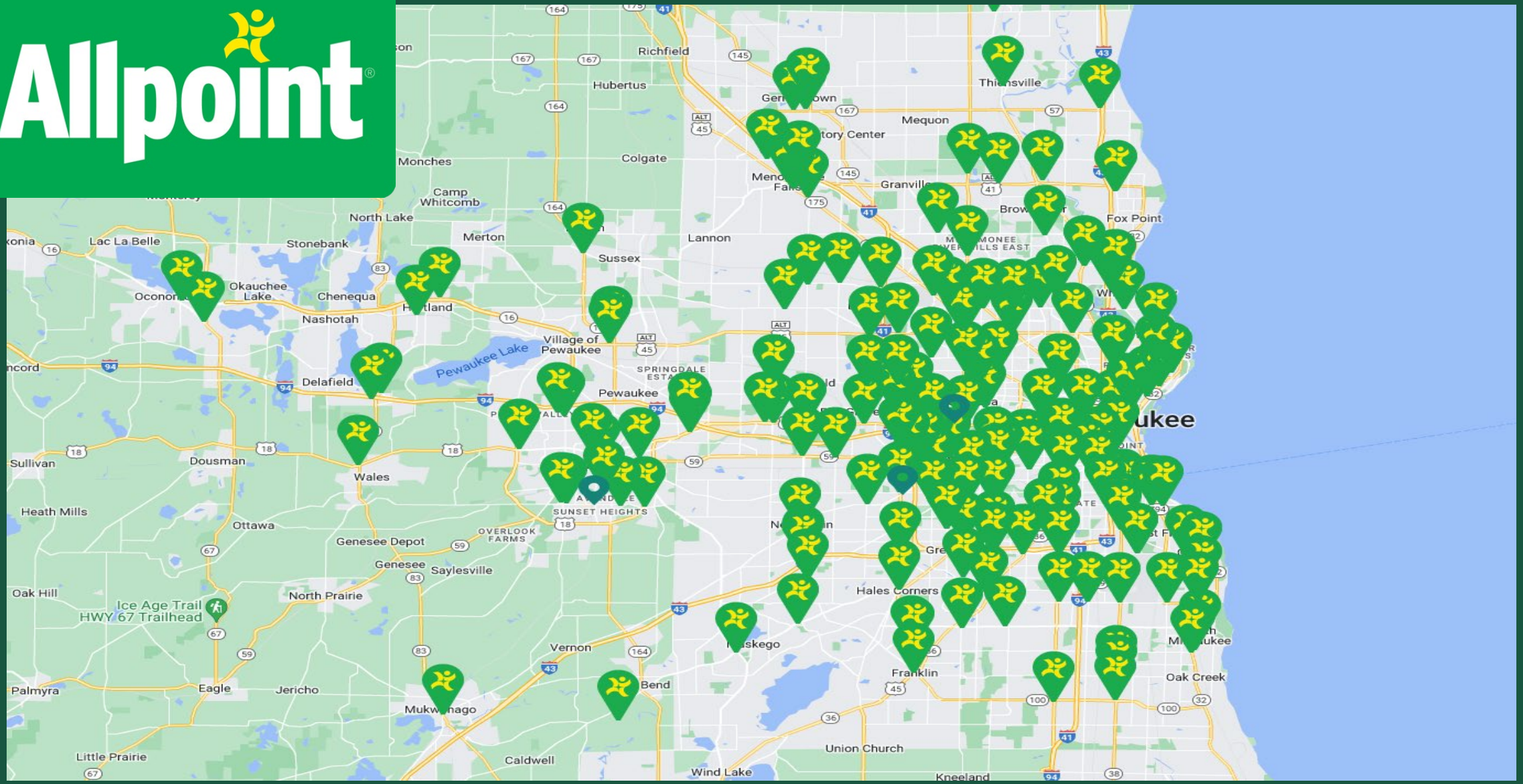
Payment Product Expansion

Zelle®

autobooks

Allpoint®

Allpoint®



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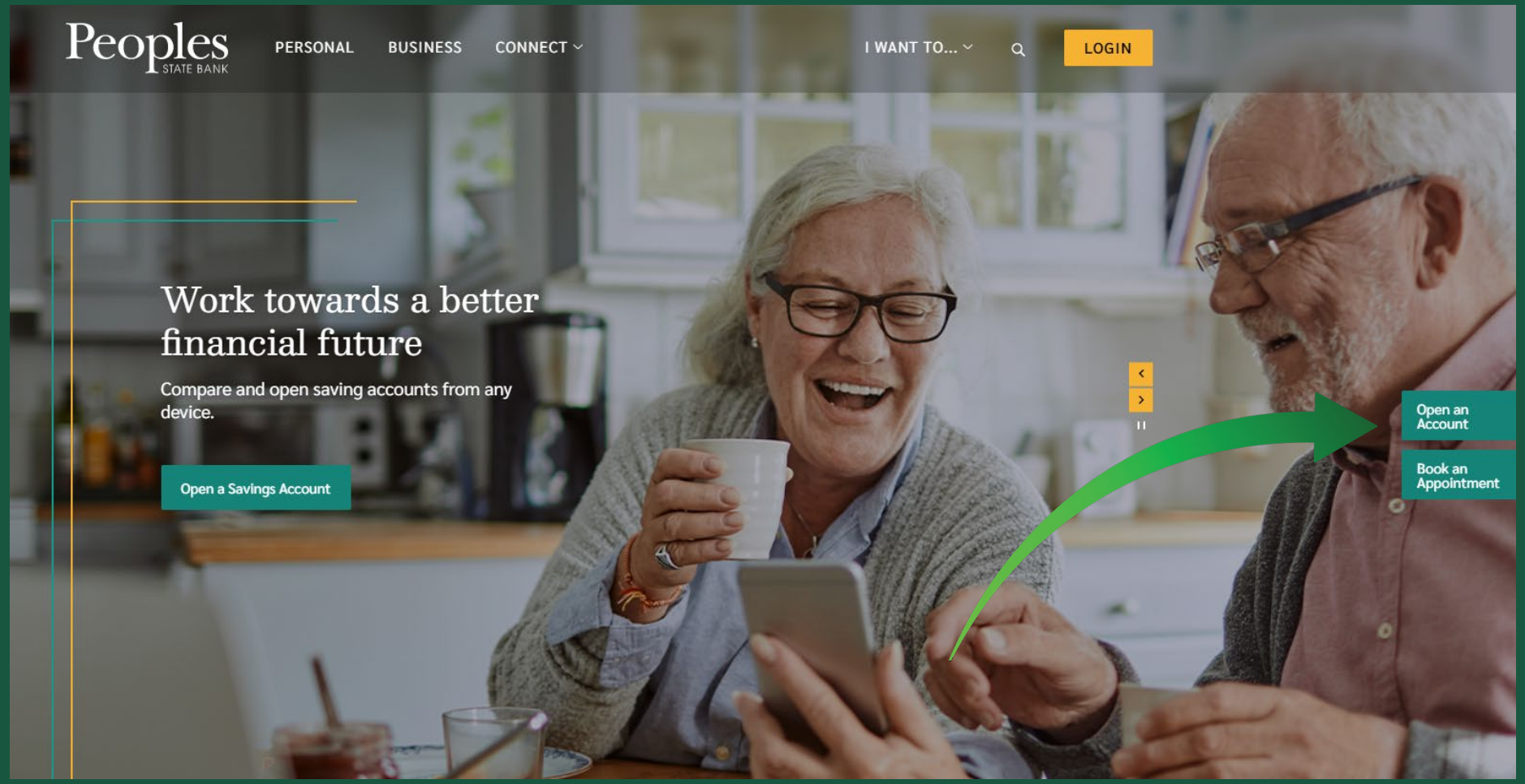
Open an Account Online



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PSB Holdings, Inc. Capital Raise



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Strength & Stability

- Community Banking Model – Deposits collected are lent in the local communities we serve with conservative management
- Emergency Preparedness Plan – Regularly tested
- No to Government Bailout Programs – Between 2008 and 2012, Peoples was one of the most stable banks in the nation
- Our mix of regulatory capital relative to unrealized investment security losses, loan quality, and commercial real estate loan concentration is in the best of 4 possible grades, along with 55% of bank in the United States.
- Expanded disclosures to be added to our March 2023 earnings release

2023 Actions – Momentum Forward

- Stevens Point LPO to full-service branch this summer
  - Small footprint (1,100 feet)
  - Teller cash recycler
  - Interactive teller machines (ATMs with greater capabilities)
- SBA 7(a) Program launched earlier in 2023
- Bankwide focus on training and our core values to strengthen teamwork for consistently great customer service

Lyn Falk – New Director



Retailworks, Inc.

President & Founder

Award-winning commercial interior design, display, branding, and consulting firm





PSB HOLDINGS, INC.

Future Focus on Growth

- Target is $1.8B in assets by December 2026
- Expect new market expansion to fill in shortfall from organic growth in current markets
- Growth supports increased net book value which is a key driver of our stock price per share



Erik Rajek

Vice President
Chief Credit Officer
Peoples State Bank

PSB HOLDINGS, INC.

Commercial Credit

Strengthening Our Foundation to Support Growth

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Who's Minding the Store?

- 14 dedicated Credit Department employees
- 2 "hubs" – Wausau & Wauwatosa
- 3 fully-remote employees
- 100+ years of combined experience
- Ideal mix of institutional knowledge and outside perspectives
- Traits such as sense of urgency, positive attitude, collaboration, and customer service are valued along with "traditional" qualities such as analytical skills, attention to detail, and natural curiosity

Our Approach to Team Building & Culture

- Proactive staffing & recruiting
- Competitive compensation & benefits
- Work-life balance
- Onboarding & ongoing training plans
- Progression plan & career pathing
- Rewards & recognition
- Managers who drive engagement
- Team building & culture is #1 priority – Asset quality will follow if you get this right!

Our Approach to Credit Administration

- Risk identification/spotlight and proper mitigation
- Credit assessment carries equal weight with lender comments – partnership culture to drive the best results for Peoples
- Risk-based approach to approval authorities – allows us to be responsive while nurturing conservative credit culture
- Seasoned bankers and robust Committee discussions
- Enhanced vetting and “pre-flighting” of opportunities
- CCO focus on new-to-bank, largest relationships, and credits showing signs of deterioration

Key Metrics for Portfolio Health

- 30% reduction in commercial “Watch List” from 2021 to 2022 - $62 million to $42 million
- 70% reduction in adversely-classified (substandard) loans - $23 million to $7 million
- Average-weighted risk rating improved from 3.35 in 2021 to 3.29 in 2022
- A strong, balanced, and diversified portfolio with no concentrations in any category

Industry Exposure Risk

Industry	12/31/22 Total Exposure	9/30/22 Total Exposure	$ Change from prior quarter	% of Portfolio	Avg. Risk rating
Agricultural	$6,793,358	$7,261,078	($467,720)	0.74%	3.45
Automotive & Marine Dealerships	$14,828,837	$15,388,026	($559,189)	1.61%	3.25
Construction & Remodeling (Res'l and Com'l)	$101,919,439	$101,529,907	$389,532	11.06%	2.81
Gas Stations and Oil Production	$25,886,365	$27,204,063	($1,317,698)	2.81%	2.97
Hotels	$32,940,473	$26,957,834	$5,982,639	3.58%	3.95
Land	$7,421,790	$6,962,644	$459,146	0.81%	3.00
Manufacturing	$130,041,042	$124,344,395	$5,696,647	14.12%	3.13
Medical	$69,508,141	$72,699,385	($3,191,244)	7.55%	2.90
Municipal	$21,900,902	$15,589,444	$6,311,458	2.38%	2.62
NOO Commercial Real Estate (TOTAL)	$117,008,440	$122,955,492	($5,947,052)	12.70%	3.40
Lessors of Miniwarehouses & Self-Storage Units	$13,526,145	$14,408,830	($882,685)	1.47%	
Lessors of Non-Residential Buildings	$76,535,540	$83,032,795	($6,497,255)	8.31%	
Lessors of Other Real Estate	$26,946,755	$25,513,867	$1,432,888	2.93%	
NOO Residential Real Estate	$196,331,433	$202,020,266	($5,688,833)	21.31%	3.63
Other	$962,563	$890,937	$71,626	0.10%	4.02
Printing & Stationary	$1,776,549	$1,791,841	($15,292)	0.19%	3.46
Recreation	$13,215,460	$8,728,022	$4,487,438	1.43%	3.66
Religious Organizations	$3,171,122	$2,867,647	$303,475	0.34%	3.22
Restaurants and Drinking Places	$26,299,212	$26,059,113	$240,099	2.85%	4.17
Retail Stores	$32,586,583	$39,278,539	($6,691,956)	3.54%	3.38
Services	$69,780,899	$68,027,857	$1,753,042	7.57%	3.27
Trucking	$44,212,680	$33,232,786	$10,979,894	4.80%	3.22
Wood/Log/Sawmill/Lumber	$4,628,708	$4,769,970	($141,262)	0.50%	2.78
TOTAL	**$921,213,996**	**$908,559,246**	**$12,654,750**	**100.00%**	

PSB HOLDINGS, INC.



Jessica M. Brown

Senior Vice President
Chief Financial Officer
Peoples State Bank

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Historical Net Income
&
Earnings Per Share

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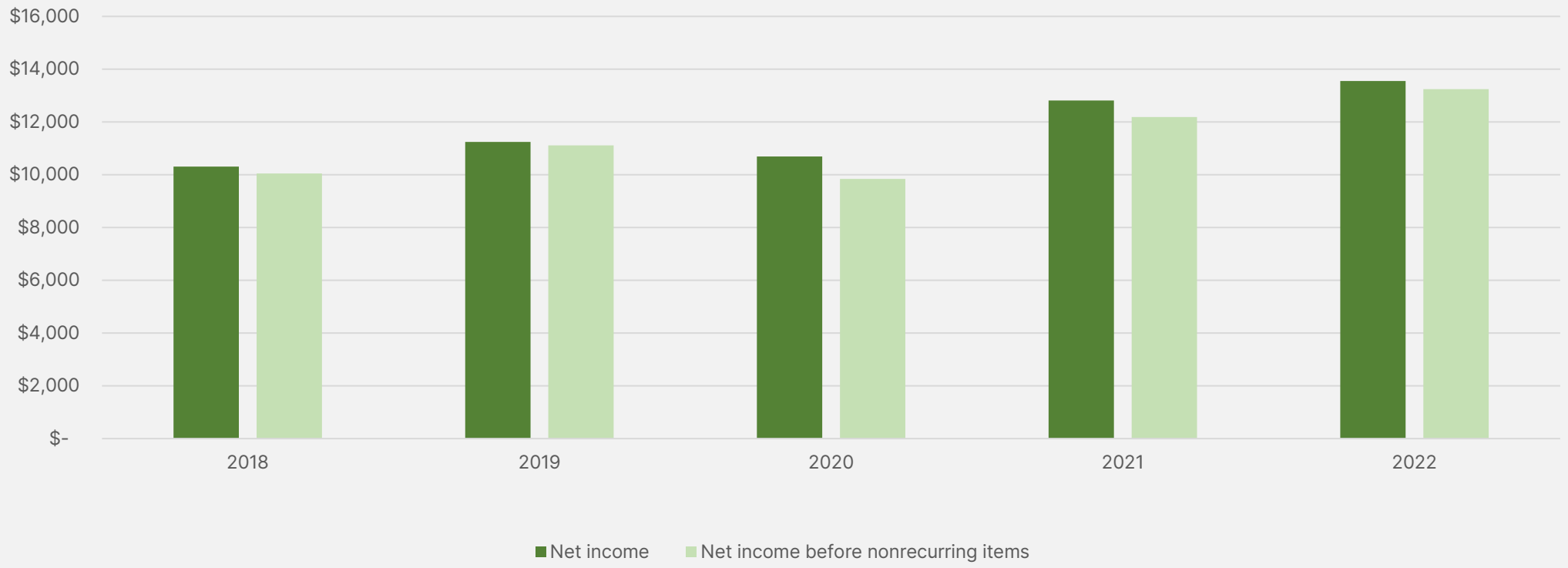
Net Income Growth

Before & After Special Items ($000s)



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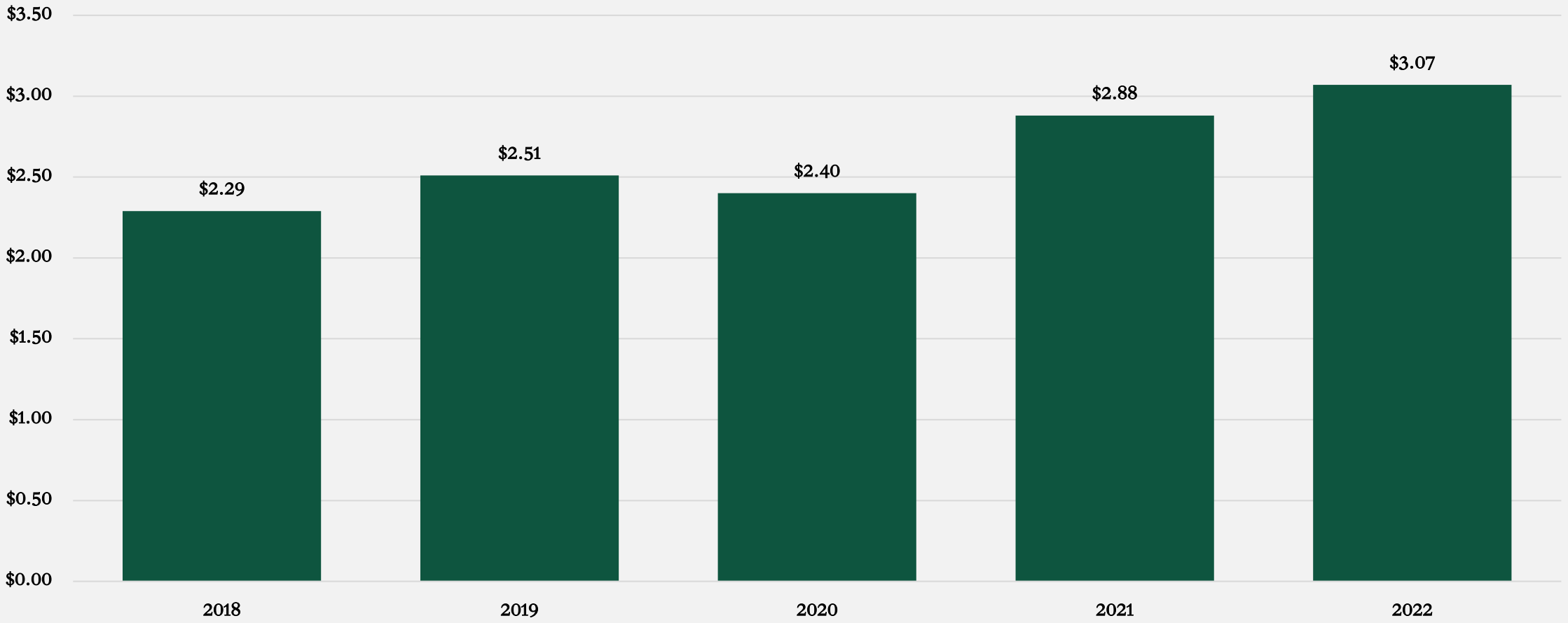
Diluted Earnings Per Share



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Balance Sheet Growth & Composition

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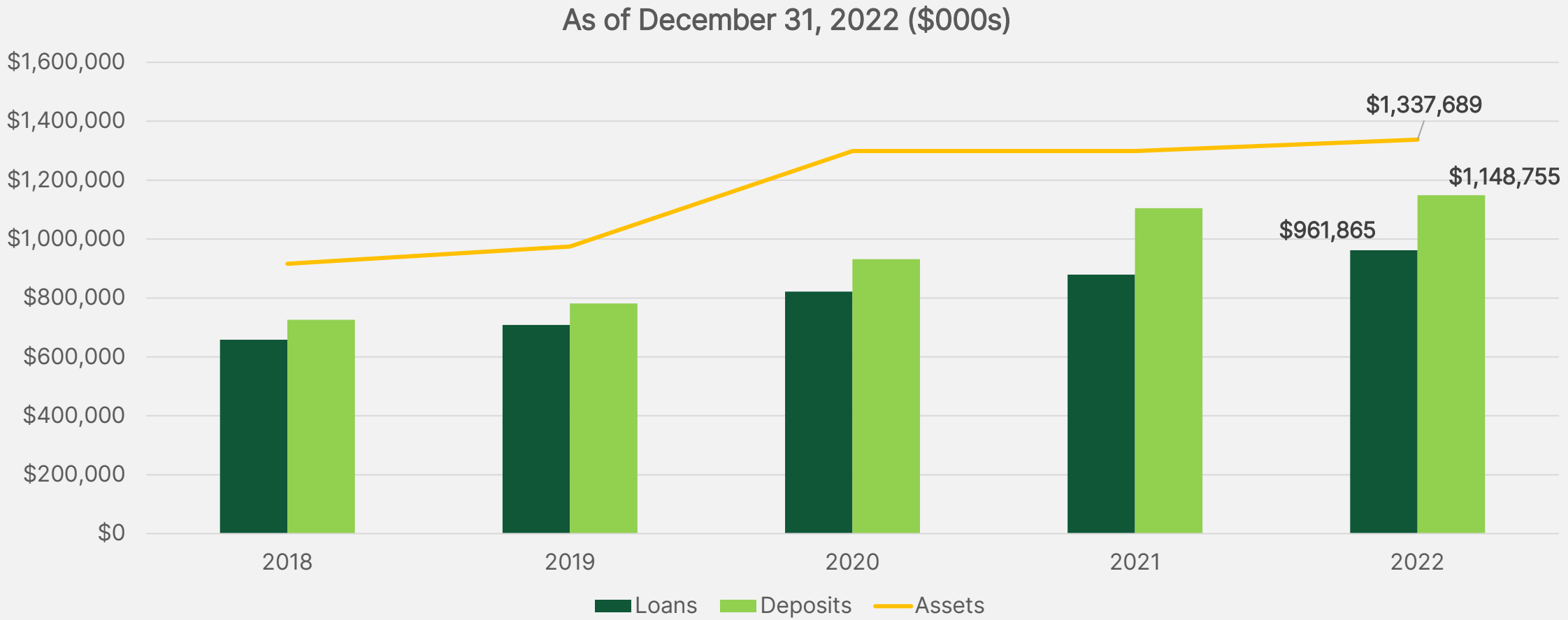
Total Assets, Loans, & Deposits



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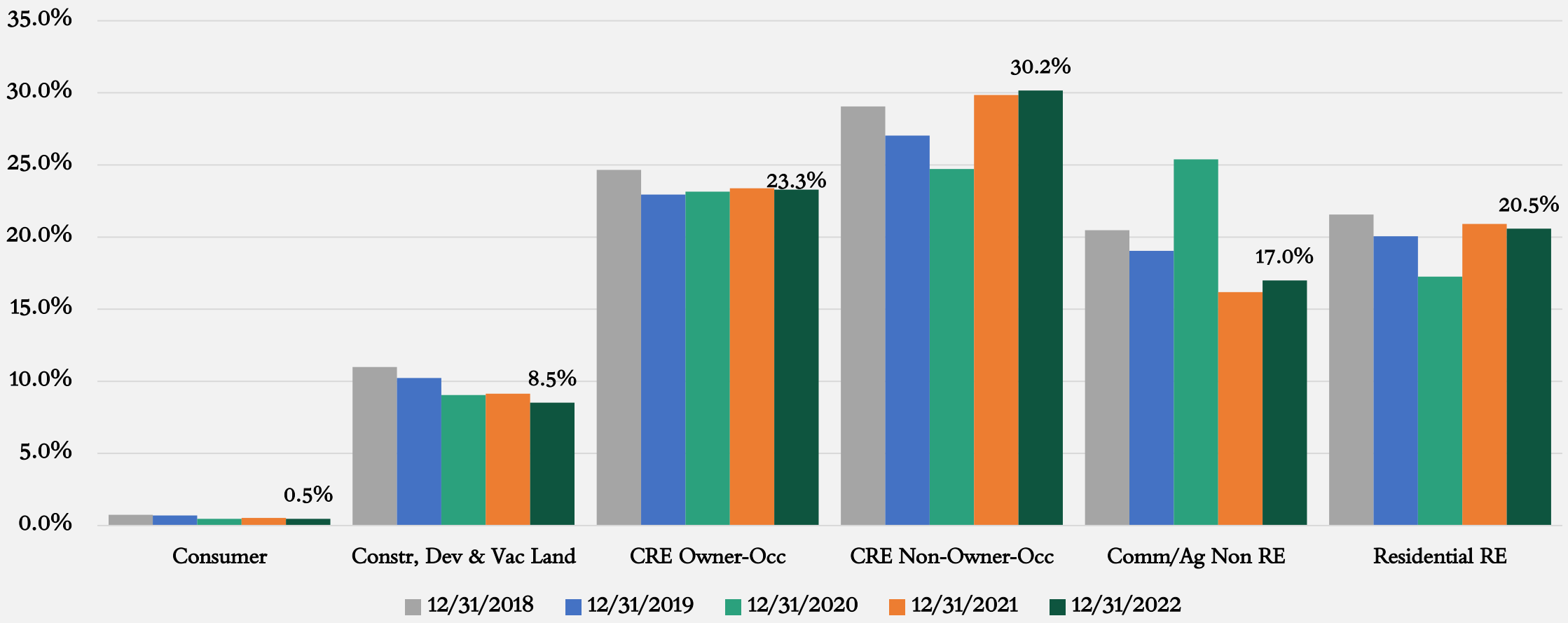
Loan Composition



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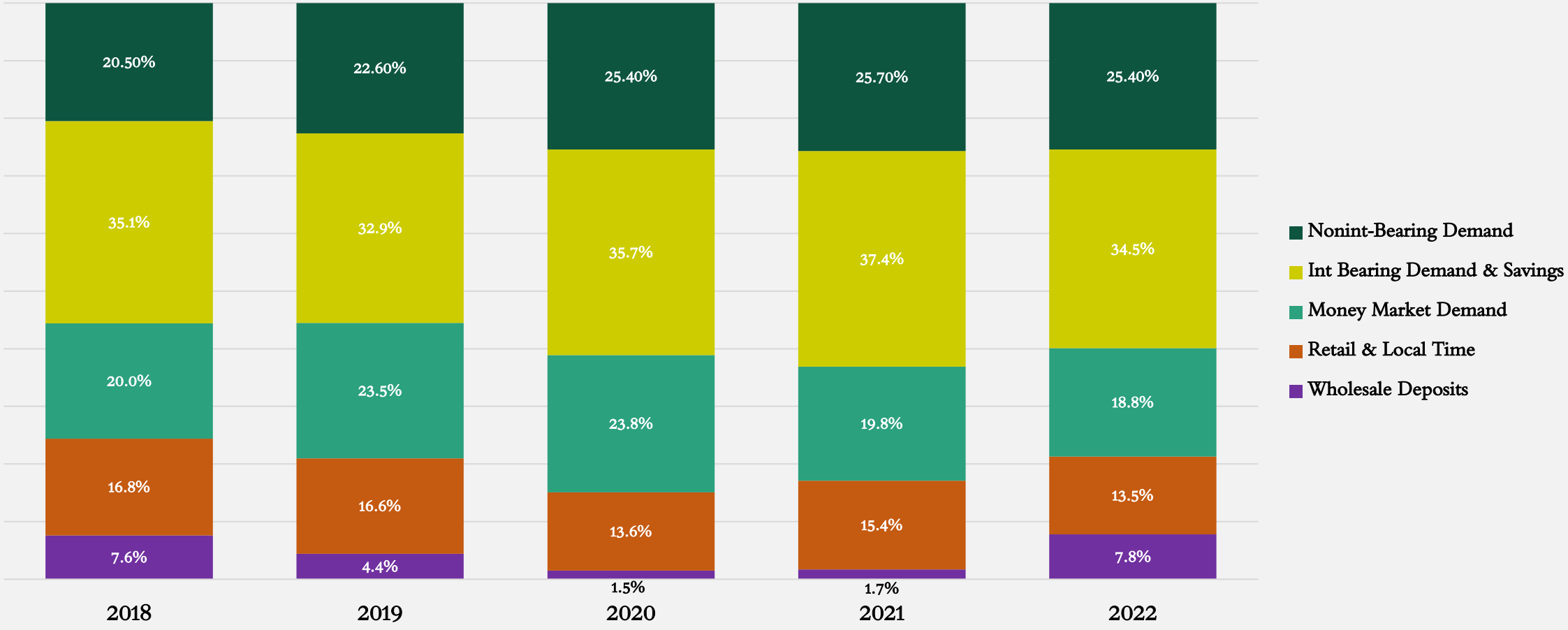
Deposit Composition



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Results Compared to Peer Banks

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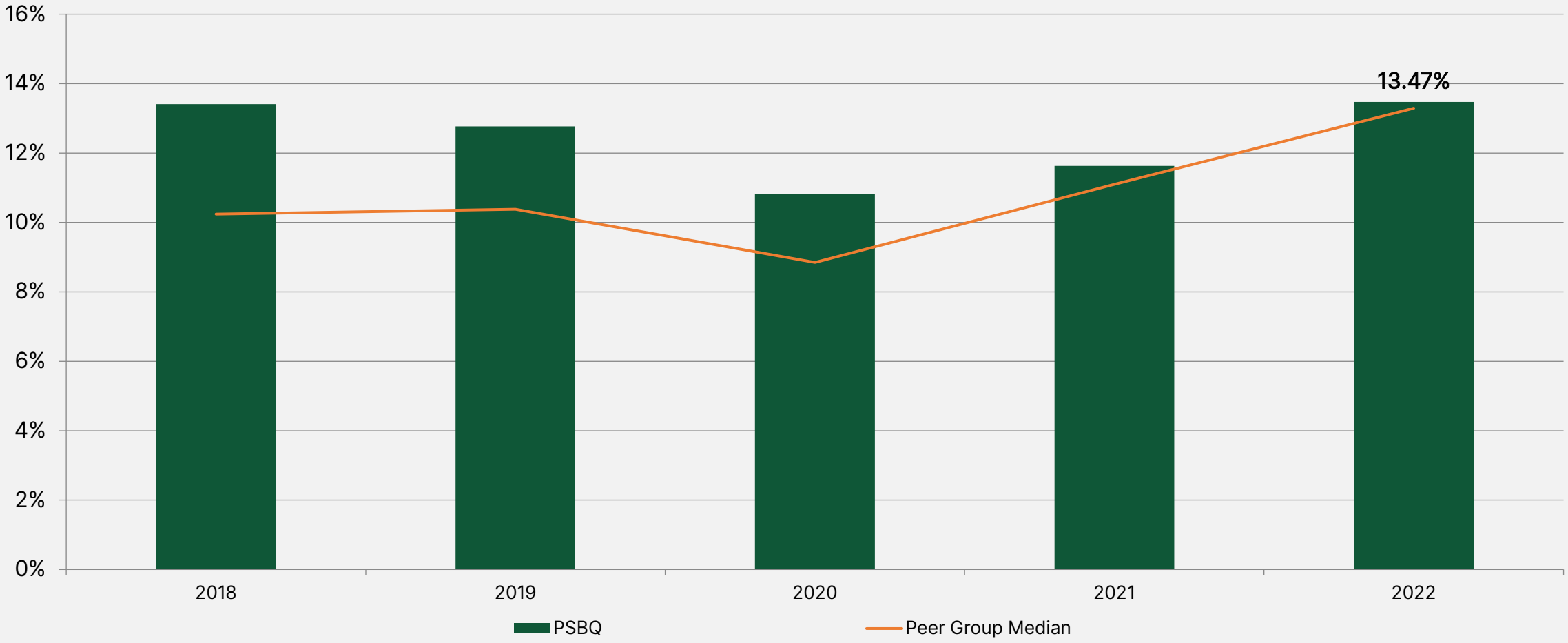
Return on Equity vs. Peer



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $2.0 billion at 12/31/2022

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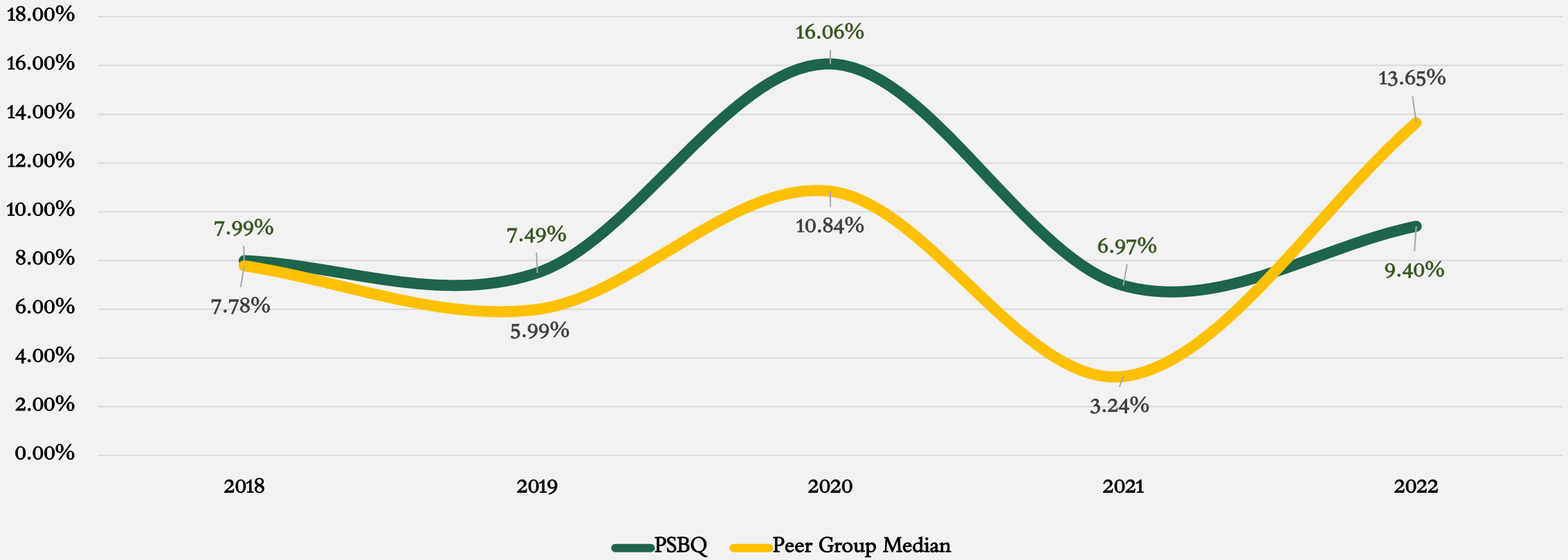
Loan Growth History vs. Peer



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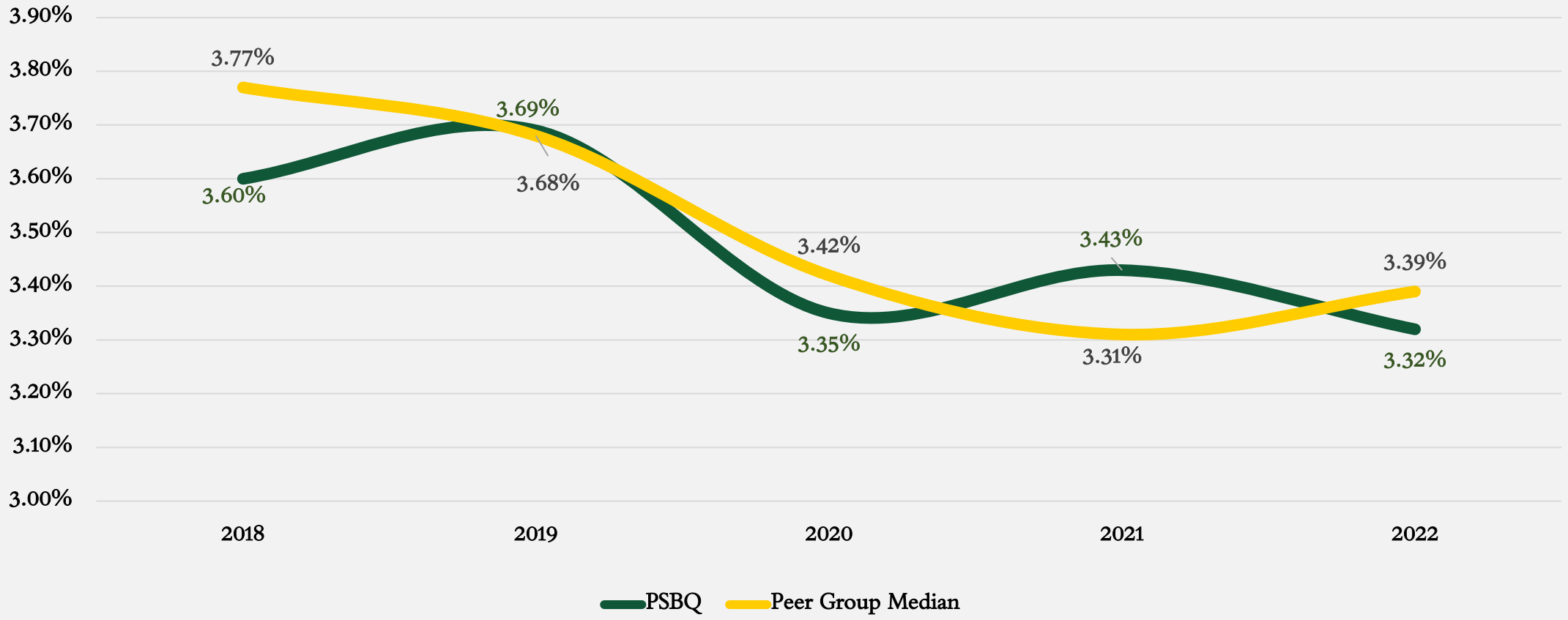
Net Interest Margin History vs. Peer



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $2.0 billion at 12/31/2022

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Earning Asset Yield & Cost of Funds vs Peer

Graph Trend

Select Chart: Line Chart

Earning Asset Yield

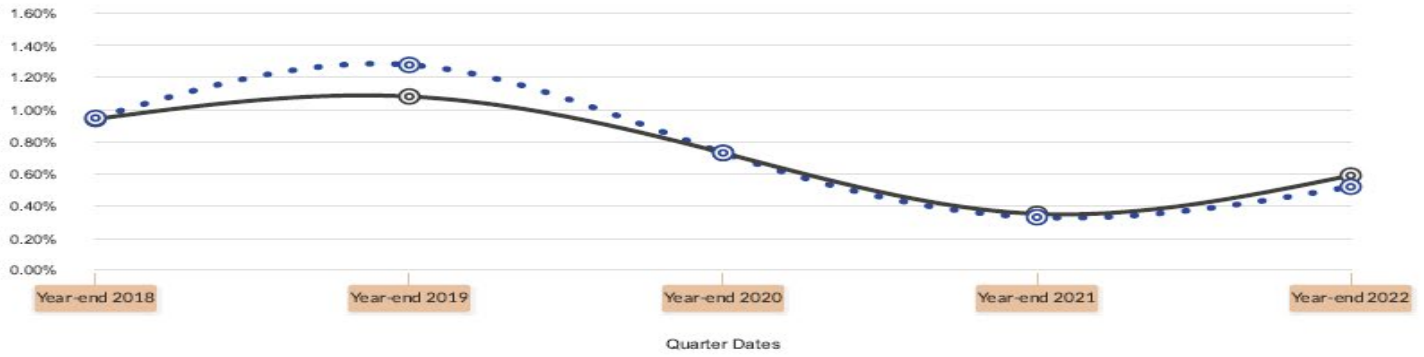


- Peoples State Bank, Wausau, WI || (55th)
- BI Solutions Peer Group || (51st)
- Go Local Peer Group || (59th)
- CRE - MOD - MOBS || (61st)

Graph Trend

Select Chart: Line Chart

Cost of Funds



- Peoples State Bank, Wausau, WI || (40th)
- WI Banks $1- $2B assets @ 12-31-22" || (48th)
- BI Solutions Peer Group || (57th)
- Go Local Peer Group || (41st)

Peers include all publicly-traded Wisconsin financial institutions with assets between $1.0 billion and $2.0 billion at 12/31/2022

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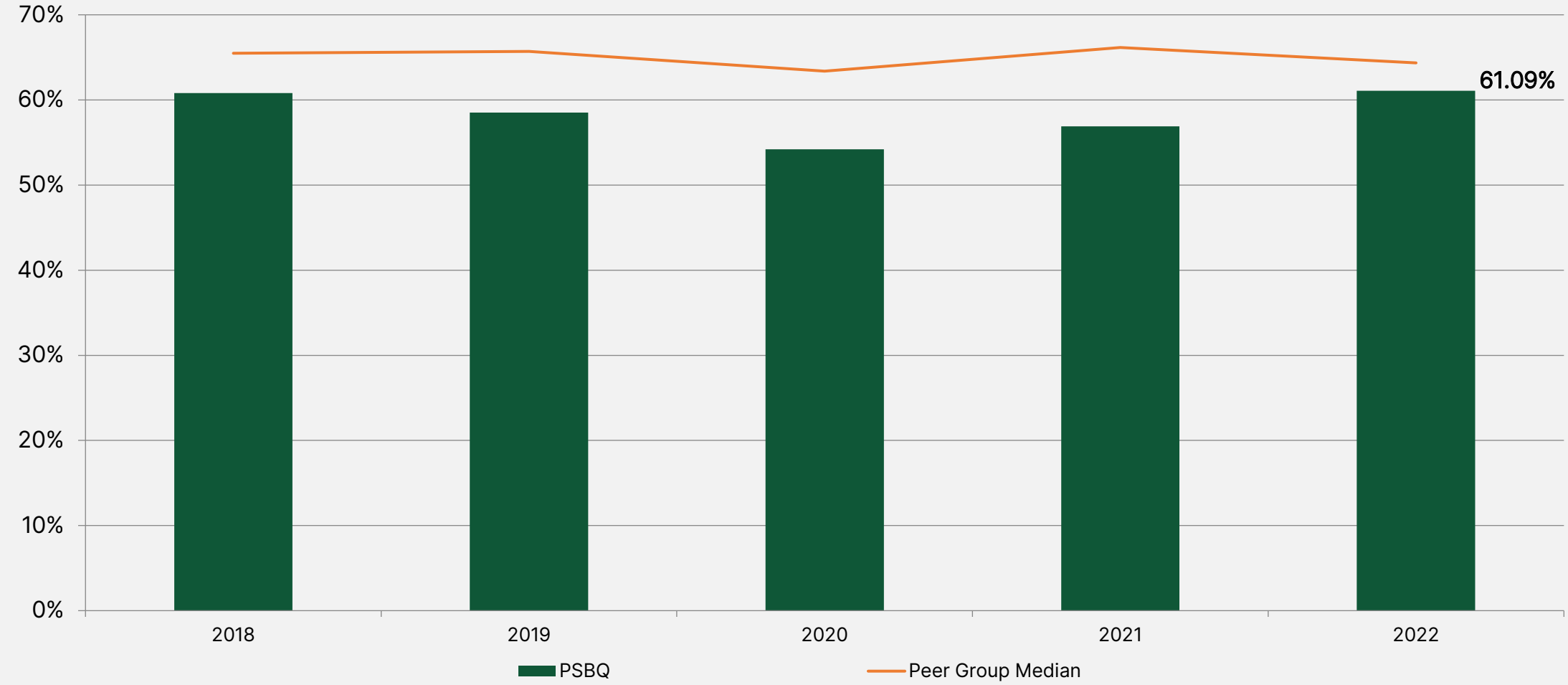
Efficiency Ratio vs. Peer



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $2.0 billion at 12/31/2022

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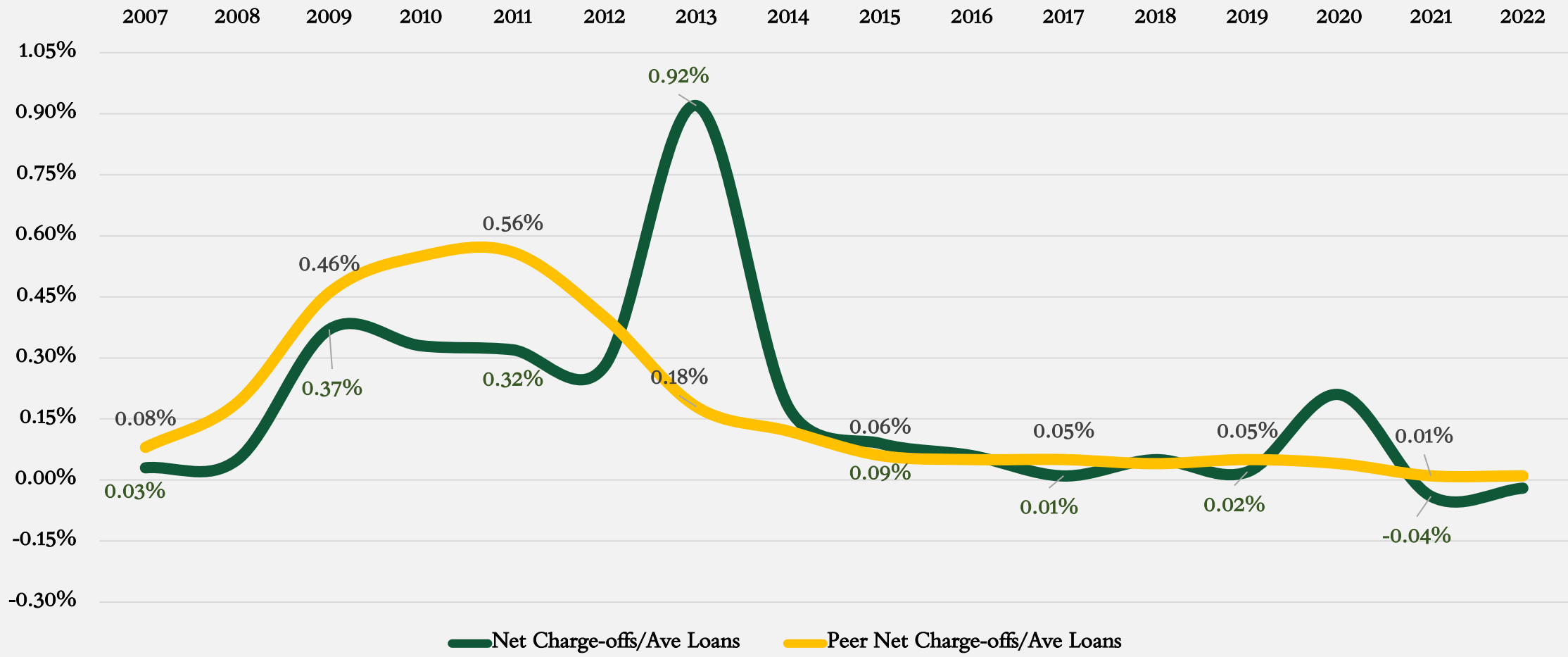
Charge Offs vs. Peer



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $2.0 billion at 12/31/2022

PSB HOLDINGS, INC.

Measuring Shareholder Return

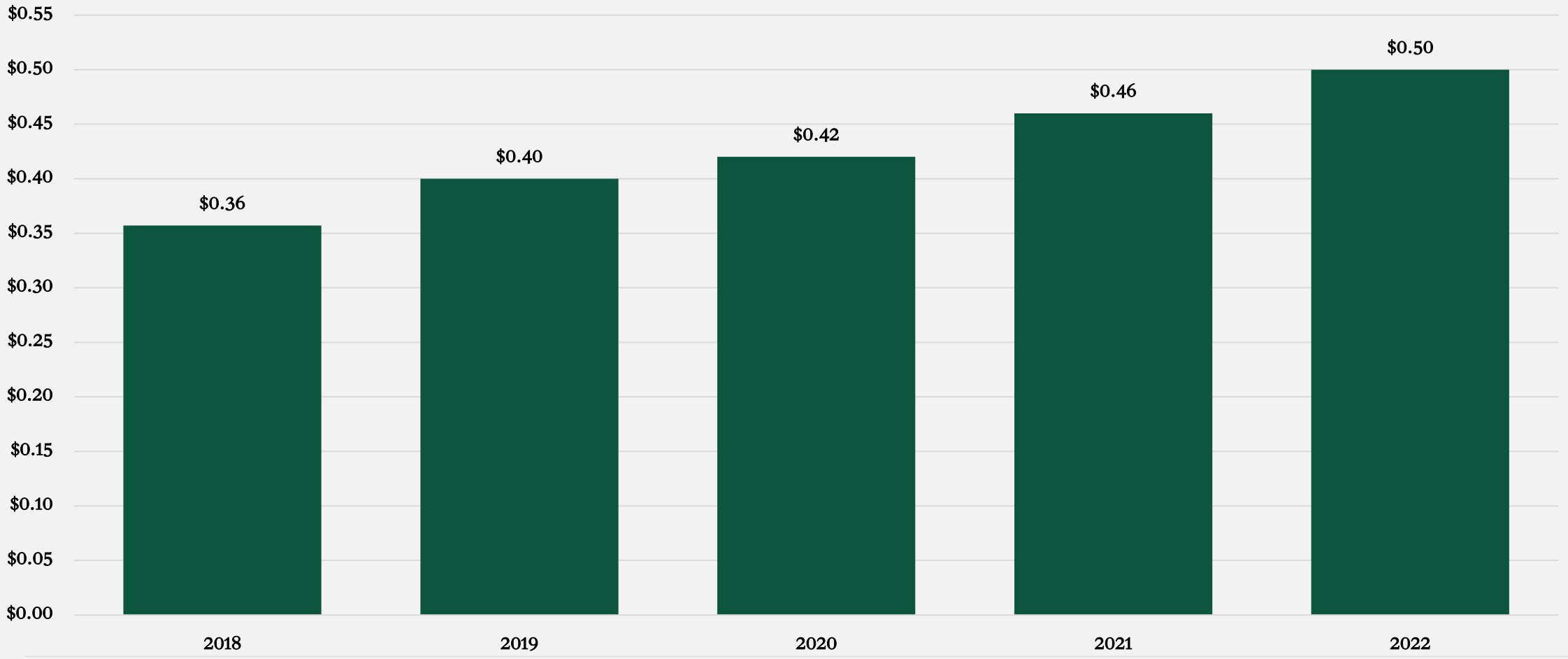
PSB HOLDINGS, INC.

Key Data at a Glance

(Dollars in Thousands)	2018	2019	2020	2021	2022
Total Assets	$915,998	$974,893	$1,131,955	$1,298,711	$1,337,689
Total Loans	$658,839	$708,196	$821,910	$879,398	$961,865
Total Deposits	$725,826	$781,790	$932,137	$1,105,240	$1,148,775
Tangible Common Equity	$80,727	$92,578	$104,312	$108,187	$91,819
ROAA	1.19%	1.22%	1.01%	1.03%	1.05%
ROATCE	13.46%	12.77%	10.83%	11.87%	14.08%
EPS	$2.29	$2.51	$2.40	$2.88	$3.07
Tangible Book Value Per Share	$17.98	$20.72	$23.43	$24.36	$21.37
Annualized Dividends Per Share	$0.357	$0.400	$0.420	$0.460	$0.500
Price	$22.50	$28.00	$20.57	$26.05	$21.90
Market Capitalization ($000)	$100,978	$125,082	$91,583	$115,671	$94,110
Price/LTM EPS	9.8	11.1	8.6	9.0	7.1
Price/Tangible Book	125.1%	135.1%	87.8%	106.9%	102.4%
Dividend Yield	1.59%	1.43%	2.04%	1.75%	2.28%

PSB HOLDINGS, INC.

Annualized Dividends per Share



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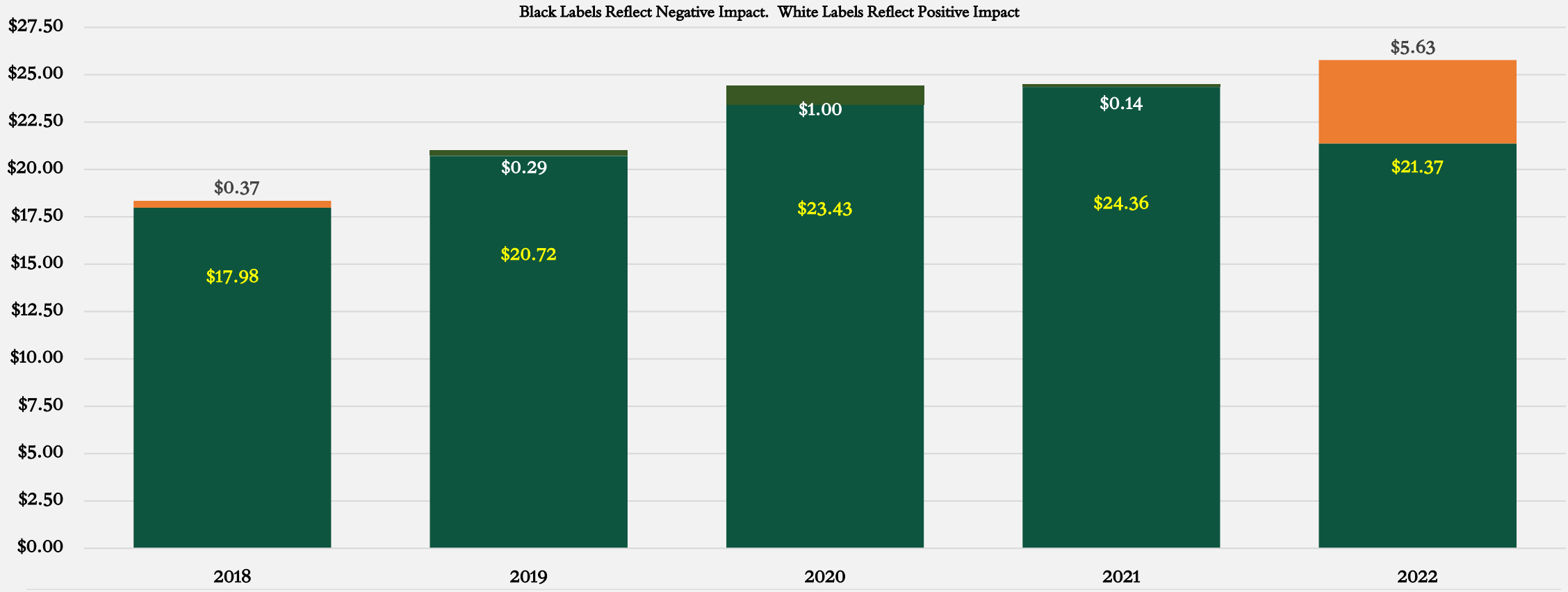
Tangible Book Value per Share and AOCI Impact

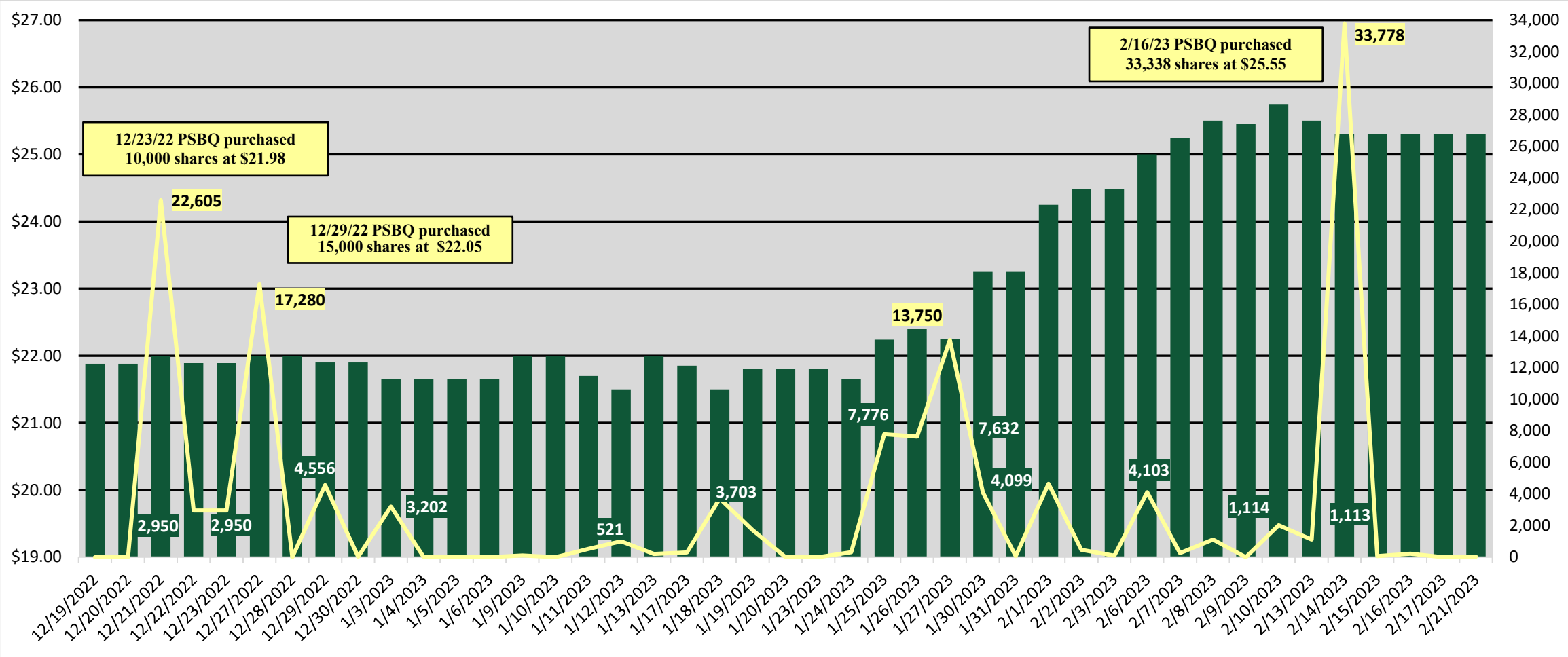


PSB HOLDINGS, INC.

Large Stock Buyback

- In December 2022, the Federal Reserve Bank of Chicago approved our plan to repurchase up to 200,000 shares of common stock through June 30, 2023
- The buyback was funded by cash proceeds from our Capital Raise completed in November 2022
- During calendar year 2022, PSBQ repurchased 145,997 shares
- Through today's meeting, we have repurchased 122,972 shares under this buyback plan
- The Company provides strong support for those looking to sell their shares at market prices

Recent Stock Buyback Trends



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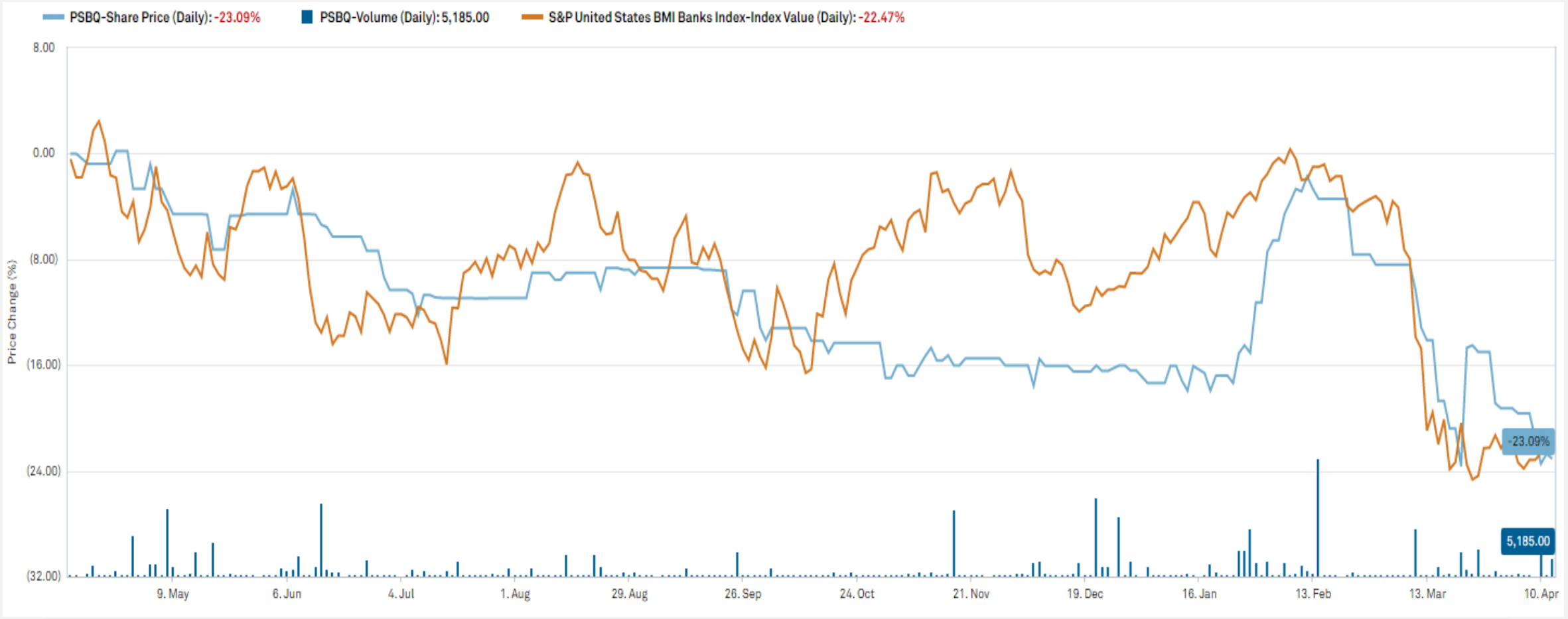
Share Price Trends



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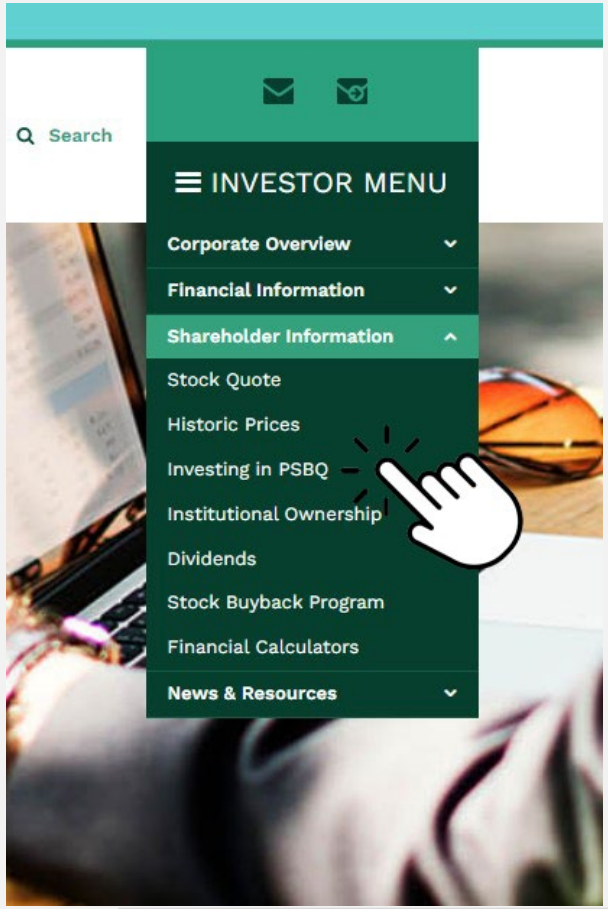
DRP & ESPP Plans



- DRP plan investors can choose to enroll in the plan and have quarterly stock purchases in lieu of dividends.
- Continental Stock Transfer & Trust Co. will make open-market purchases once per quarter (the last day of the month following quarter end).
- Initial investment in the plan is $100 (maximum of $1,000). Shares vest immediately upon purchase.
- For specific questions on the plan, investors should contact Continental (drp@continentalstock.com).

- ESPP stock purchases will be made once a year; enrolled employees will receive a 10% discount on the price which builds engagement with shareholders
- Minimum employee investment per pay period is $20; participants may increase or decrease their investment amounts during the open enrollment periods.
- Plan will run June 1st through May 31st of the following year.

PSB HOLDINGS, INC.

Liquidity & Stability

PSB HOLDINGS, INC.

Q1 2023

Earnings Released
April 24, 2023

PSB HOLDINGS, INC.

Annual Business Meeting

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Questions?

PSB HOLDINGS, INC.

Thank you!

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