PSB HOLDINGS, INC.

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DA Davidson
2023 Bison Select Conference
December 7, 2023

PSB HOLDINGS, INC.

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 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.

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.

Phone: 715.847.4020

E-Mail: scott.cattanach@bankpeoples.com



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.

Phone: 715.847.4077

E-Mail: pat.heier@bankpeoples.com



Jessica M. Barnes 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. Barnes 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. Barnes 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. Barnes also is a Board member and Investment Committee Chair for LEAVEN and serves on the Finance Committee for Habitat for Humanity (Fox Valley).

Phone: 715.847.4100

E-Mail: jessica.barnes@bankpeoples.com

Overview

Company Overview

- PSB Holdings, Inc. ($1.4 billion in assets) is the parent company of Peoples State Bank, a community bank headquartered in Wausau, Wisconsin, serving northcentral and southeastern Wisconsin from eleven full-service banking locations. PSB Holdings, Inc. has the leading community bank market share in deposits in northcentral Wisconsin.

- PSB Holdings, Inc. is focused on accelerated growth, with loans up 67% since December 31, 2018. The strict underwriting process for new loans remains consistent with prior historical underwriting.

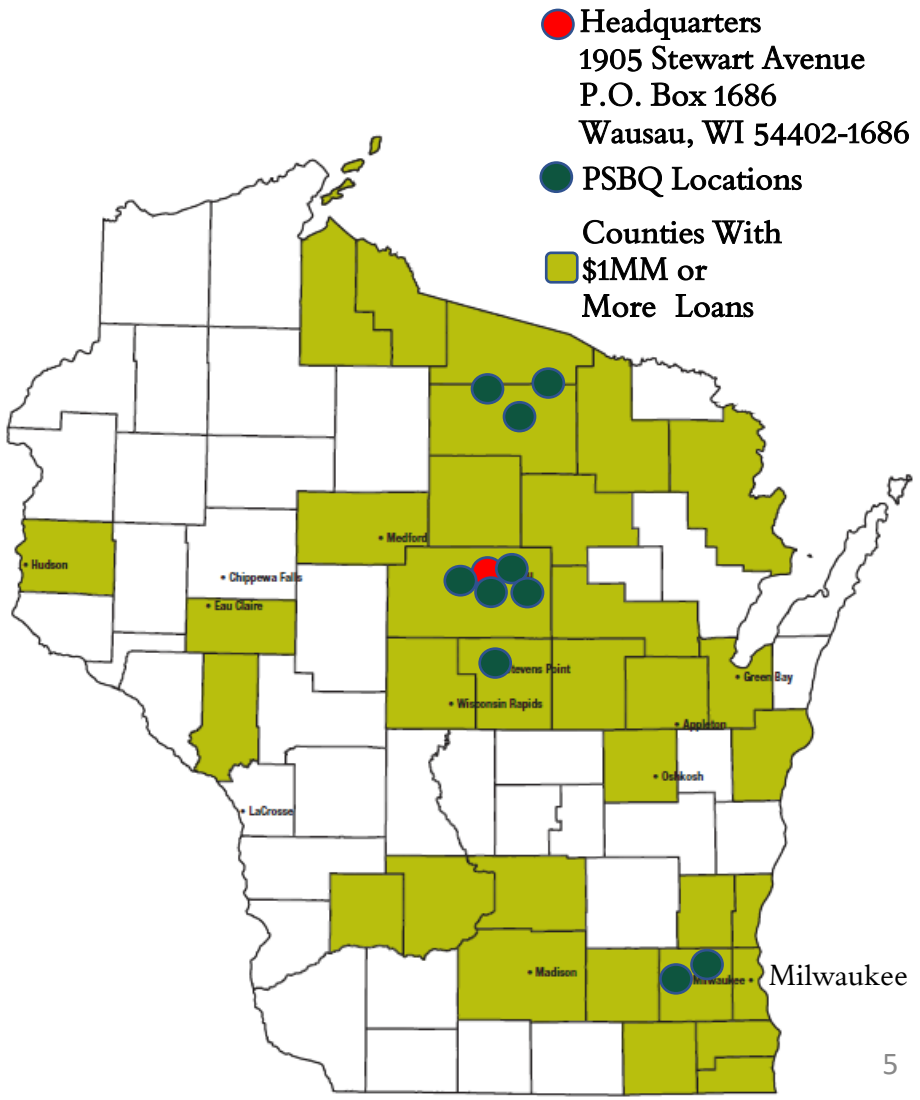
- During 2023, converted Stevens Point, WI LPO to full-service branch location. During 2021, PSB Holdings, Inc. completed the acquisition of Waukesha Bankshares, Inc., in the western Milwaukee, WI market.

- Ranked #1 in Wisconsin for SBA 504 lending through WBD, Inc. In 2023 expanded internal SBA 7a program capabilities.

- PSB Holdings, Inc. is traded under the stock symbol "PSBQ" on the OTCQX – Best Market Exchange. Investor information may be found at www.psbholdingsinc.com.

Strategic Focus

- Expand assets to $1.8B - $2.0B by 2026
- Disciplined acquisition strategy: Explore new LPO markets and small bank acquisitions. Downtown Milwaukee branch expansion planned for 2024
- Manage liquidity to properly support balance sheet growth, acquisitions and share repurchases
- Expand private banking services with dedicated bankers
- Expand SBA 7a loan program to join robust SBA 504 program
- Modernize our retail presence by providing digital tools combined with personal service



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Northcentral Wisconsin Employment Base

Largest Area Employers

WAUSAU TILE

MARATHON CHEESE CORPORATION

ASPIRUS HEALTH

Marshfield Clinic Health System

KOLBE WINDOWS & DOORS

marathon electric

Church Mutual INSURANCE

UMR A UnitedHealthcare Company

GREENHECK Building Value in Air.

North Central Health Care
Person centered. Outcome focused.

LAND O'LAKES

WAUSAU WINDOW AND WALL SYSTEMS

Northcentral TECHNICAL COLLEGE

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Business Model Strengths

- Well-diversified loan portfolio with strong asset quality supported by conservative underwriting
- History of strong earnings with consistent dividend growth
- Margin stabilizing in an uncertain economic environment
- Deposit base stability and depth (strong liquidity)
- Operating expense ratio outperforming our peers
- Significant organic loan growth and continued expansion into new markets

Focused Management

Award Winning Service

- **Shareholder focused** – American Banker Magazine "Top 200 Community Banks" list in 2023 for 14 consecutive years based on 3-year average return on equity

- **Customer focused** – Peoples State Bank voted "Best Bank in Marathon County" (Peoples State Bank legacy market) by readers of the Wausau Daily Herald for the past 12 years

- **Employee focused** – American Banker Magazine voted "Best Bank to Work For" by its staff for the past 5 years

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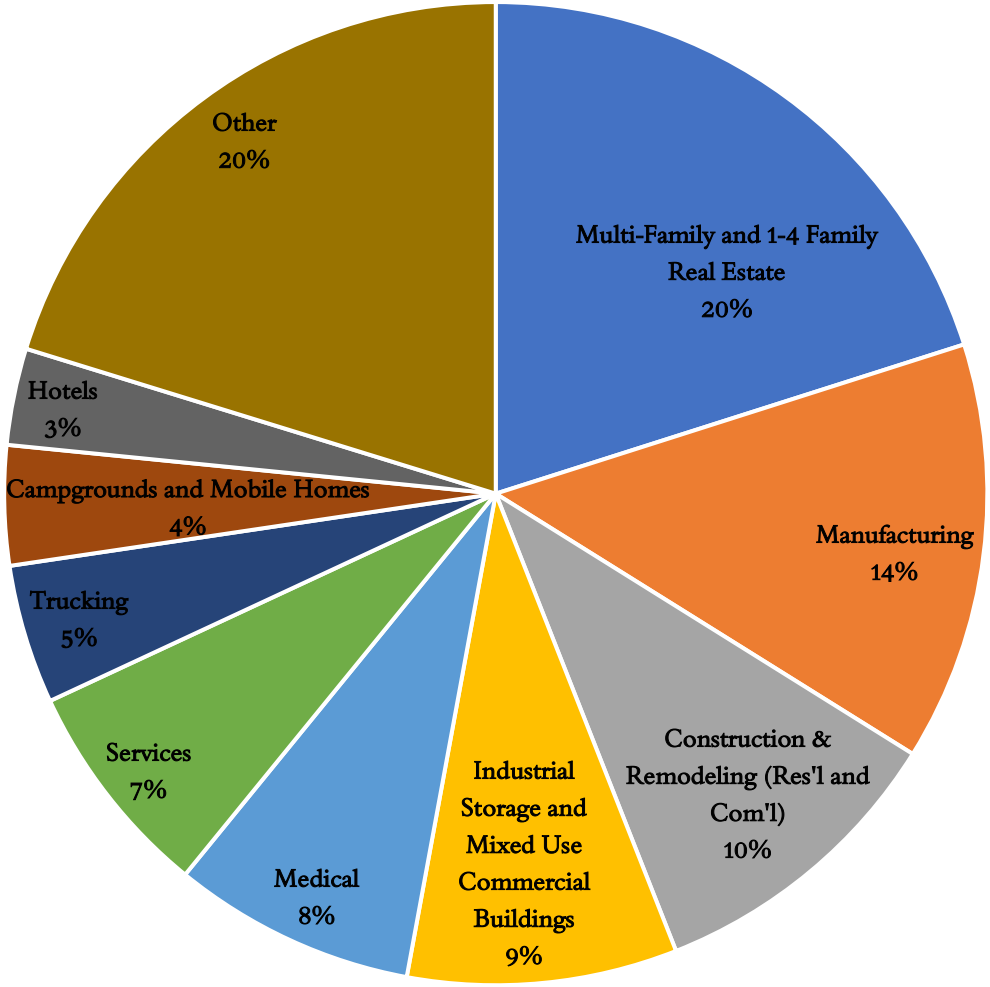
Commercial Related Loan Industries Served



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Opportunities and Challenges

Opportunities

- Strengthen Capital to Facilitate Capital Management Strategies or Acquisitions
- Expanding Market Presence to New Growth Areas
- Roll-up Smaller Banks in Select Markets

Challenges

- Margin Management in a Volatile and Rapidly Changing Interest Rate Environment
- Managing Asset Quality in a Slowing Economy
- Deposit Growth to Match Loan Demand

PSB HOLDINGS, INC.

Key Data at a Glance

(Dollars in Thousands)	2018	2019	2020	2021	2022	2023 Q3 YTD
Total Assets	$915,998	$974,893	$1,131,955	$1,298,711	$1,337,689	$1,437,245
Total Loans	$658,839	$708,196	$821,910	$879,398	$961,865	$1,098,019
Total Deposits	$725,826	$781,790	$932,137	$1,105,240	$1,148,755	$1,172,239
Tangible Common Equity	$80,727	$92,578	$104,312	$108,187	$91,819	$92,870
ROAA	1.19%	1.22%	1.01%	1.03%	1.05%	0.66%
ROATCE	13.46%	12.77%	10.83%	11.96%	14.08%	9.61%
Efficiency Ratio	60.82%	59.11%	54.17%	56.90%	61.41%	65.89%
NPA/Assets	0.67%	0.55%	0.90%	1.06%	0.48%	0.42%
NCO/Avg Loans	0.05%	0.02%	0.21%	-0.04%	-0.01%	-0.03%
EPS (LTM)	$2.29	$2.51	$2.40	$2.88	$3.07	$2.45
Tangible Common Book Value Per Share	$17.98	$20.72	$23.43	$24.36	$21.37	$22.25
Annualized Dividends Per Share	$0.36	$0.40	$0.42	$0.46	$0.50	$0.60
Price Per Share	$22.50	$28.00	$20.57	$26.05	$21.90	$21.00
Market Capitalization ($000)	$100,978	$125,082	$91,583	$115,670	$94,110	$87,658
Price/LTM EPS	9.8x	11.1x	8.6x	9.0x	7.1x	8.6x
Price/Tangible Book	125.1%	135.1%	87.8%	106.9%	102.5%	94.4%
Dividend Yield	1.59%	1.43%	2.04%	1.75%	2.28%	2.86%

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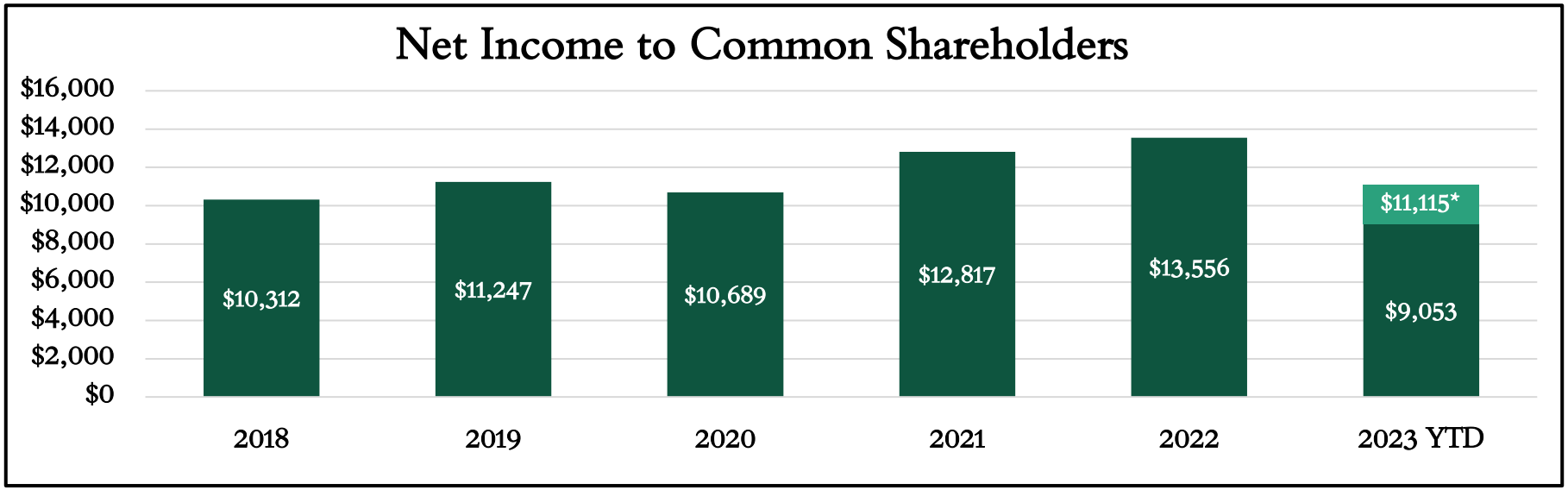
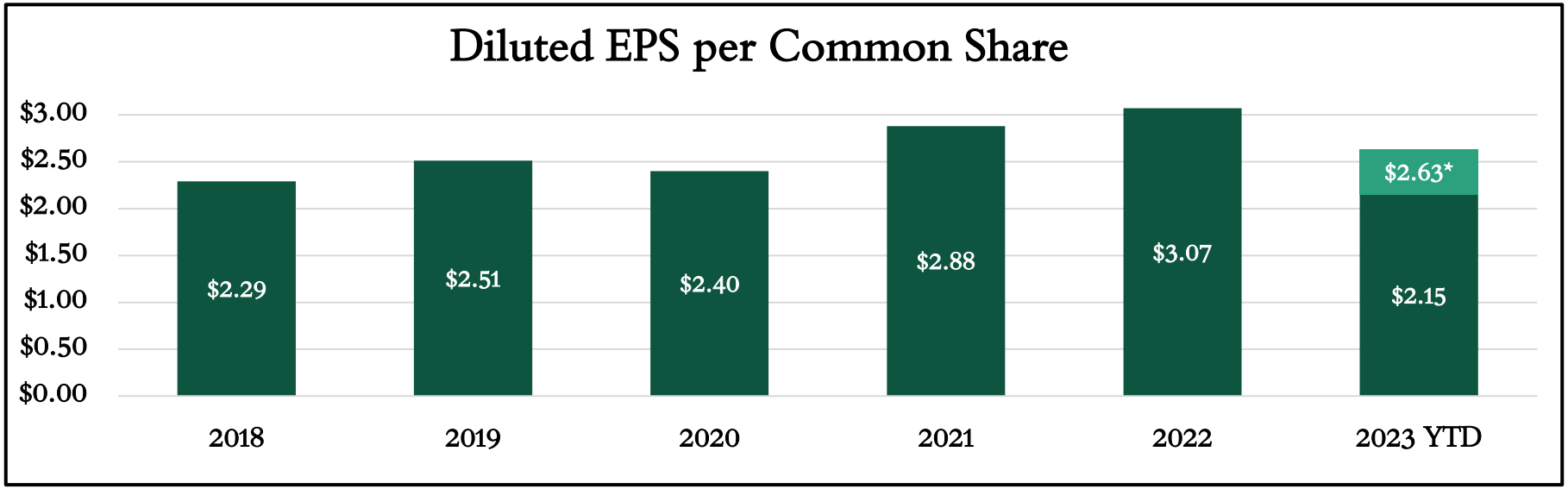
Net Income Trends





* Pro Forma Annualized and adjusted for Wisconsin tax change.

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New Wisconsin Tax Law

- The current Wisconsin state budget, signed by Governor Evers on July 5, 2023, included a provision offering an income tax exclusion on income earned from commercial loans of $5 million or less, originated for business or agricultural purposes to borrowers who reside or are located in the state of Wisconsin. This exclusion is retroactive to January 1, 2023. The change is expected to reduce or eliminate PSB's state tax expense going forward. With this change, PSB's statutory tax rate will be reduced from 27.4% to 21.0%.

- Through 9/30/23, the impact to PSBQ net income was a reduction of net income of $1.6MM primarily due to the recording of an allowance against Wisconsin deferred tax assets, including those assets related to accumulated other comprehensive income.

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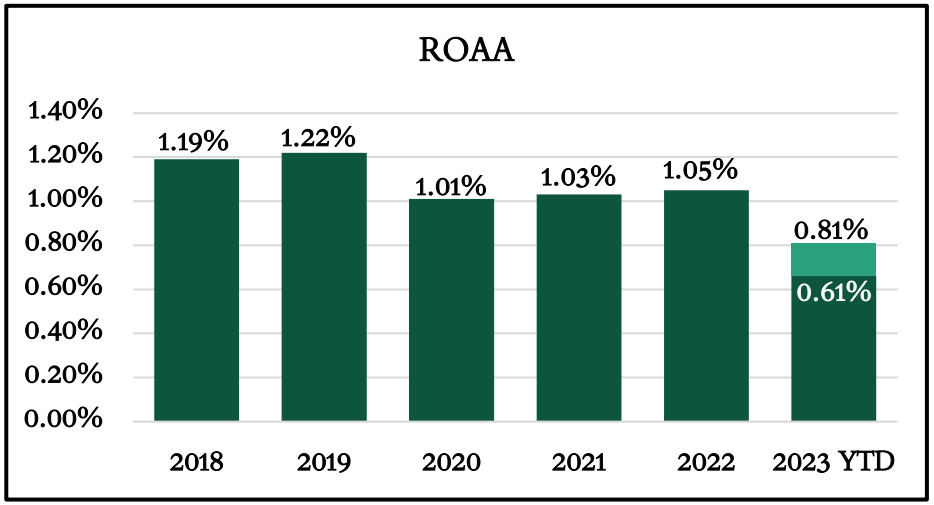
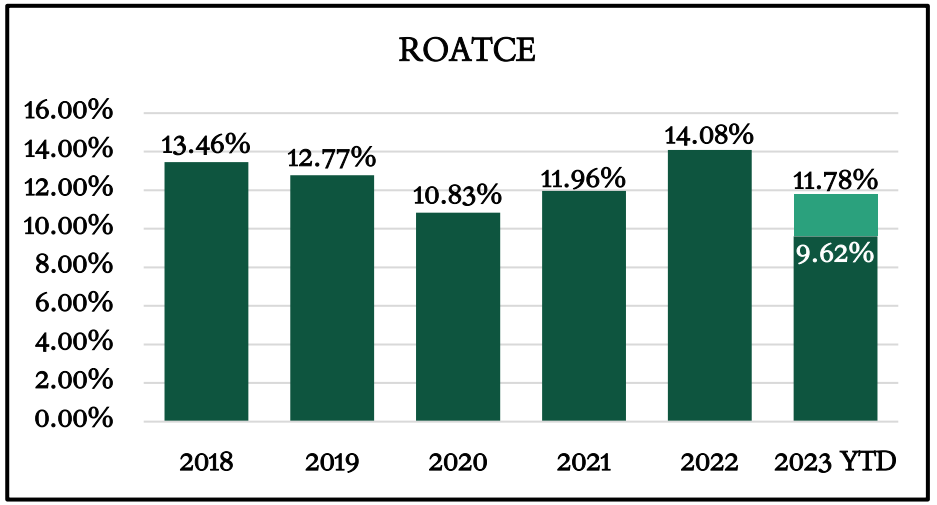
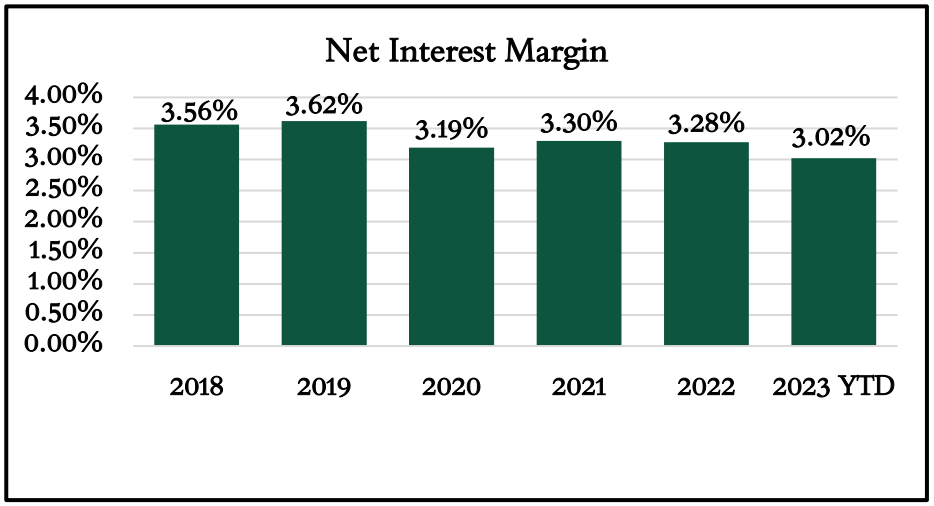
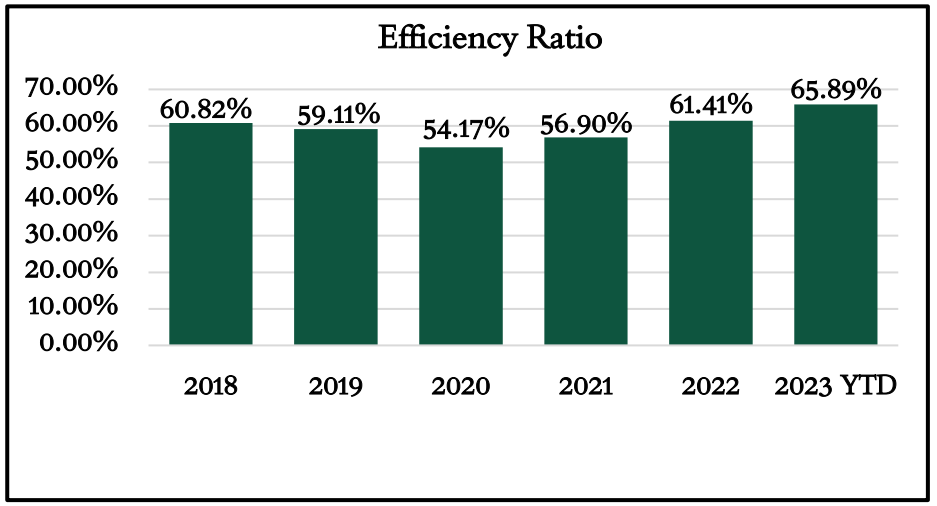
Earnings Trends









Pro Forma adjusted for Wisconsin tax change.

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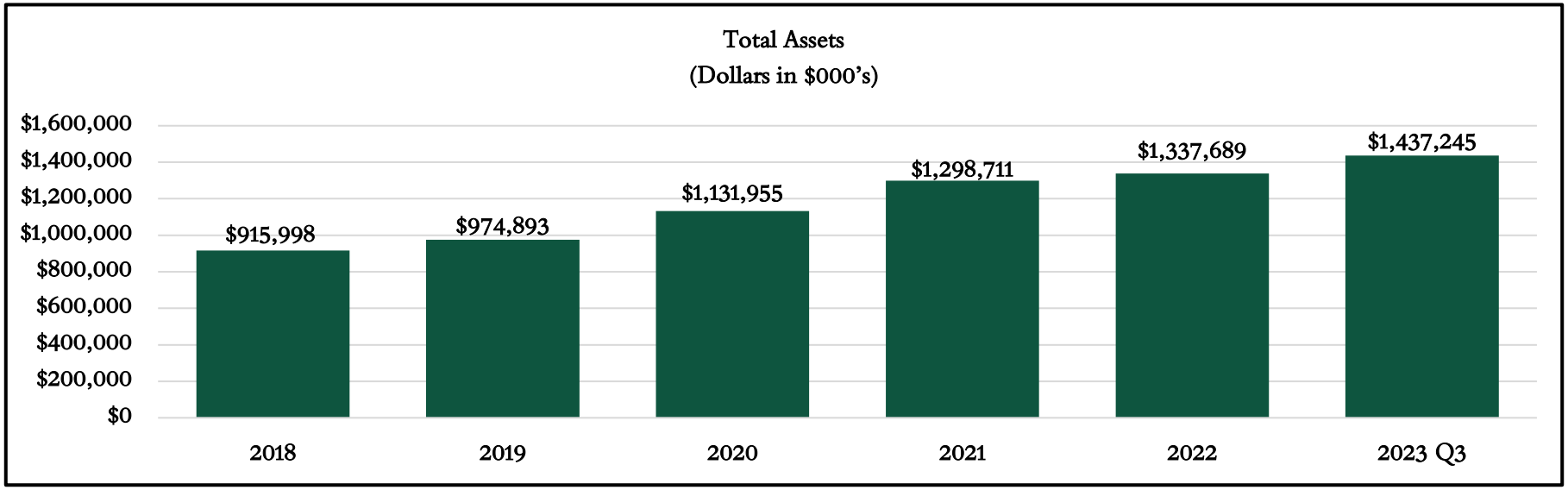
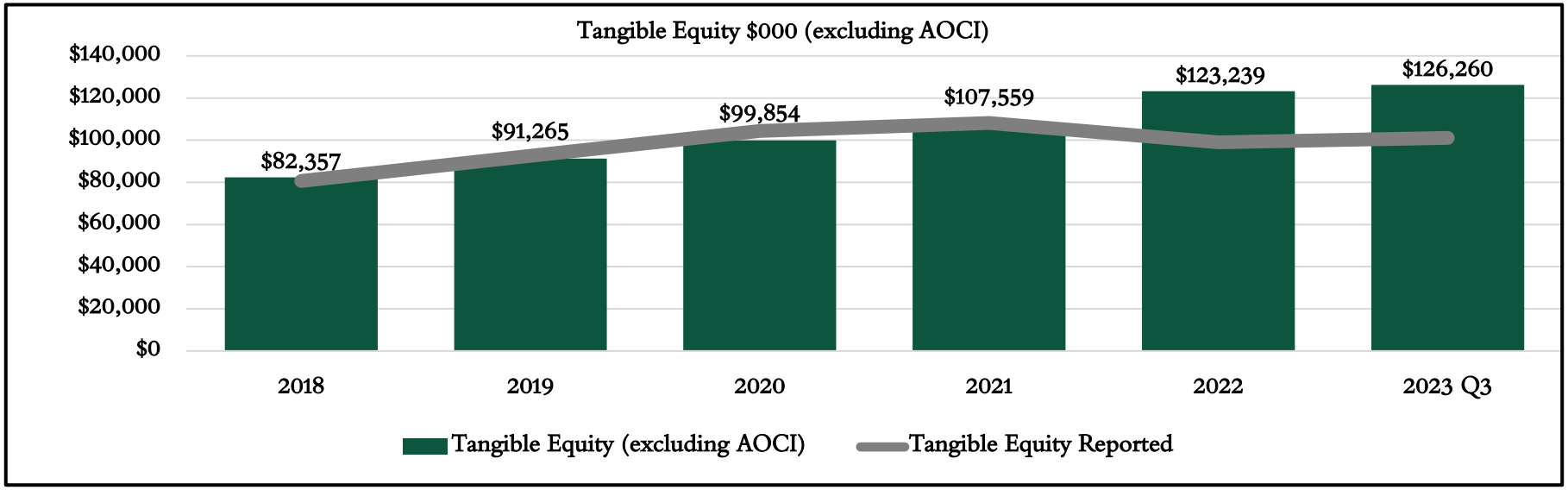
Balance Sheet Trends





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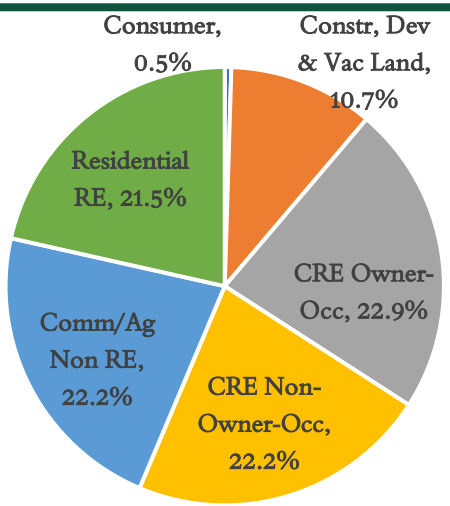
Loan Portfolio



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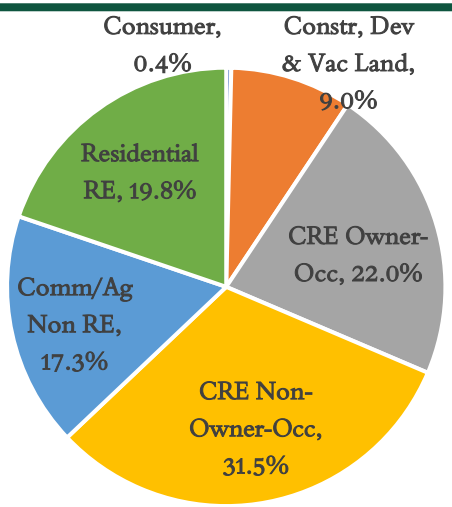
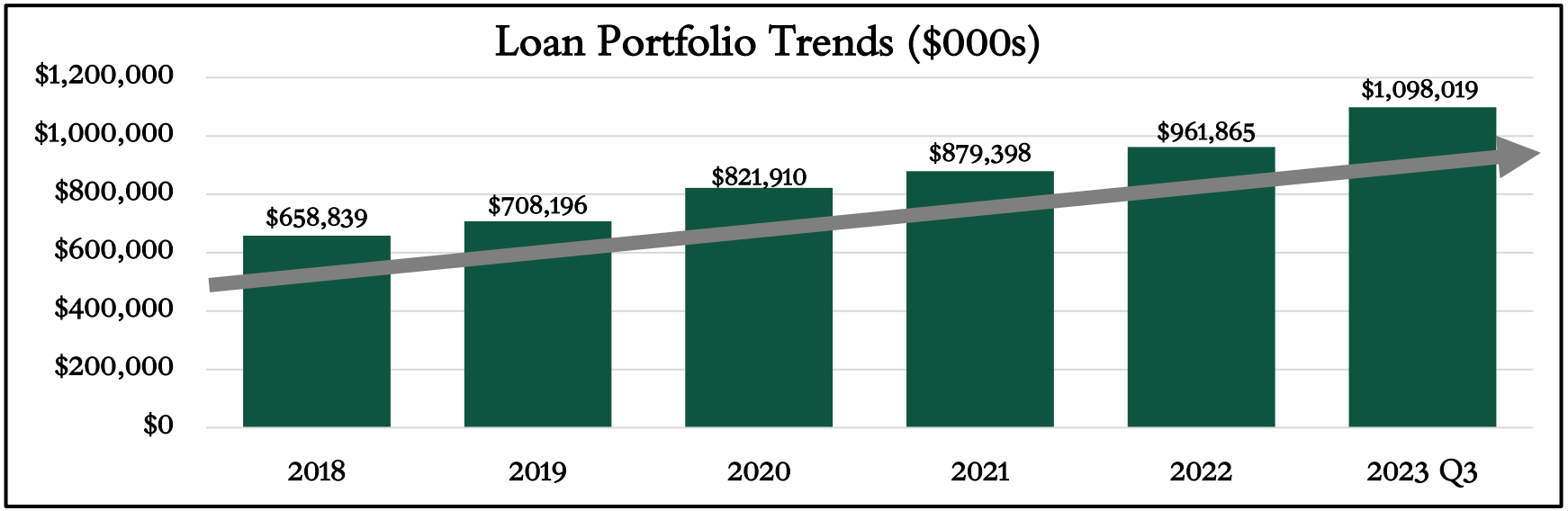


09/30/2023



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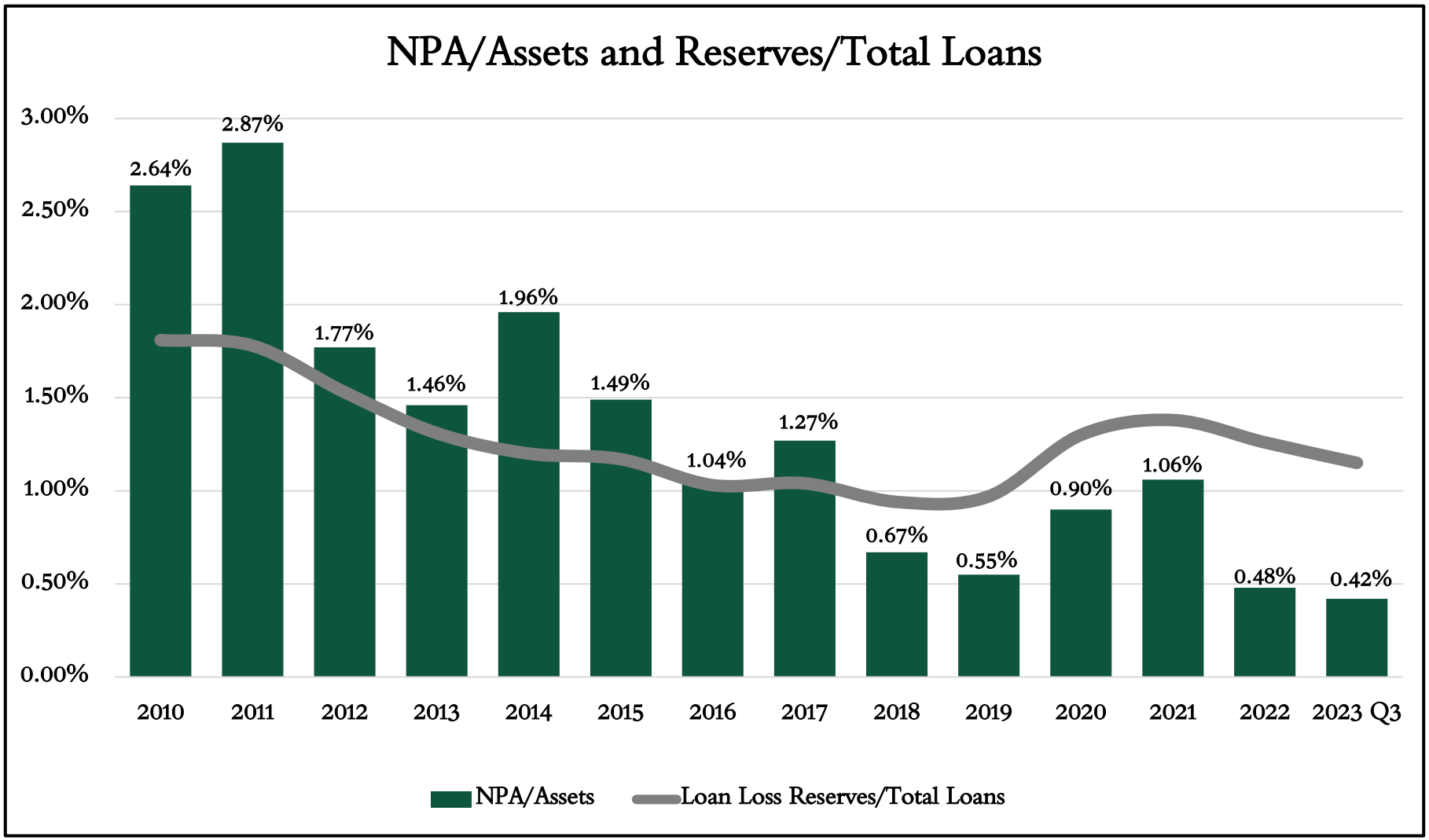
Asset Quality Trends



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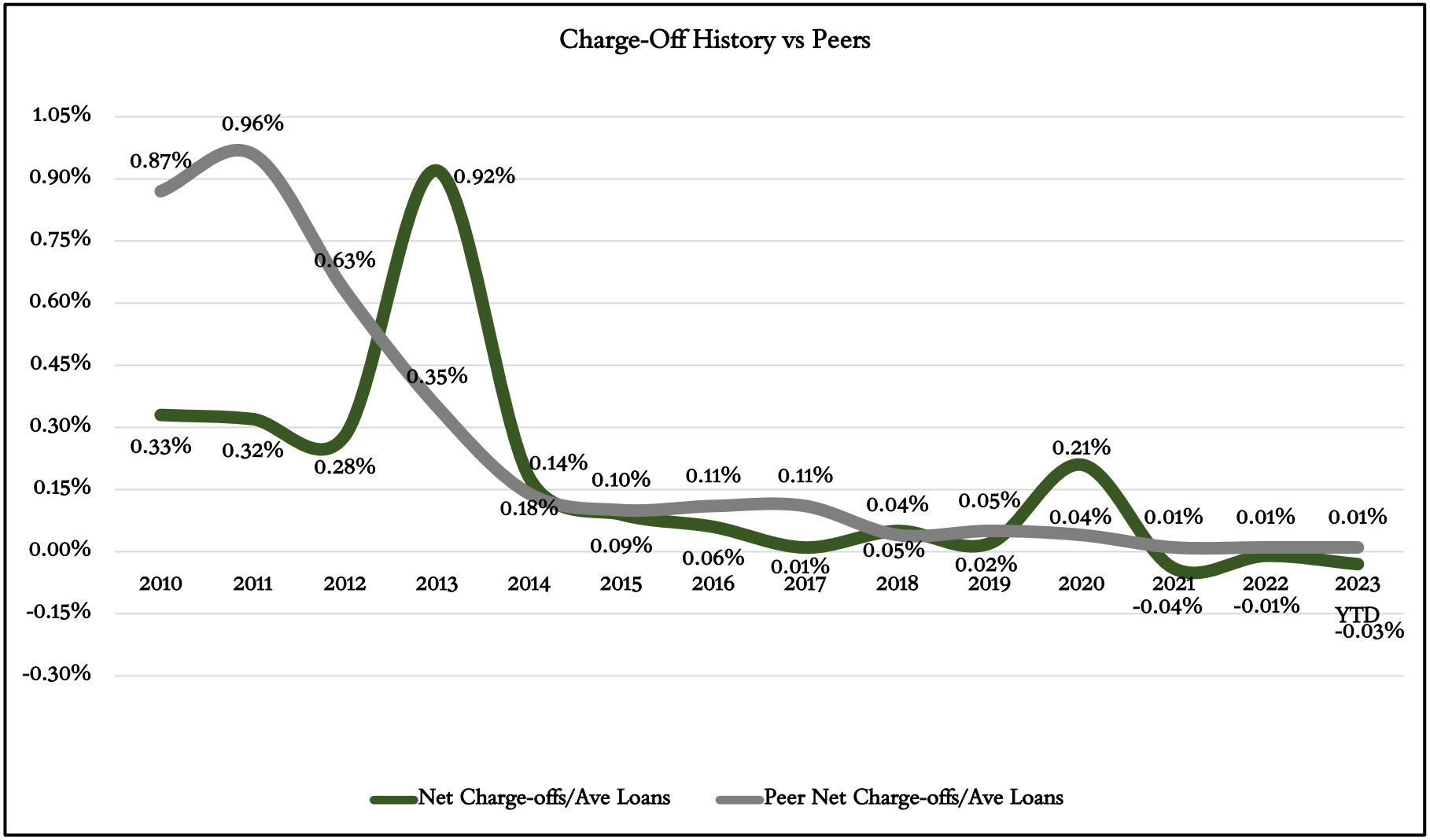
Charge-Off History



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $3.0 billion at 09/30/23

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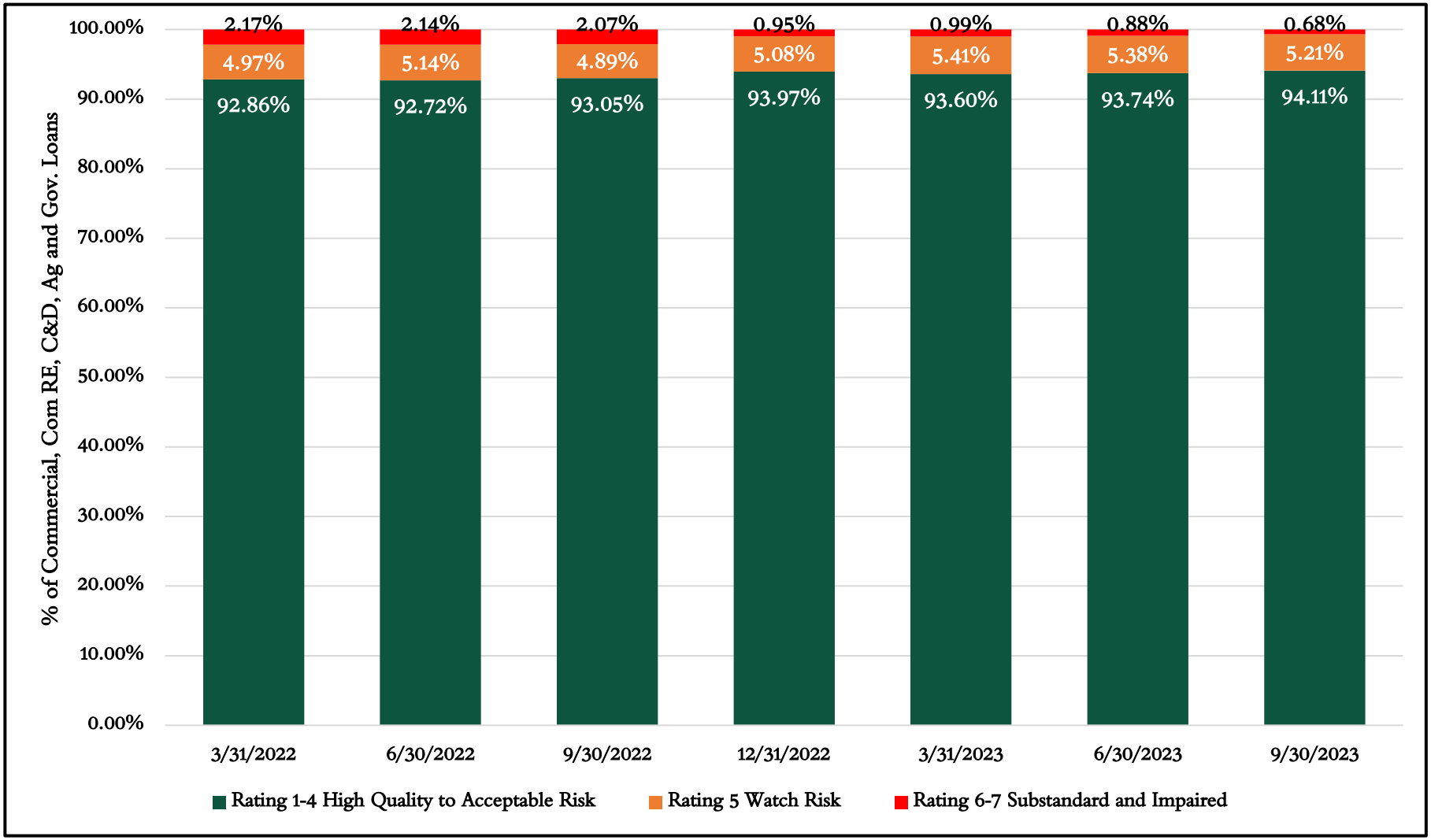
Asset Quality Trends



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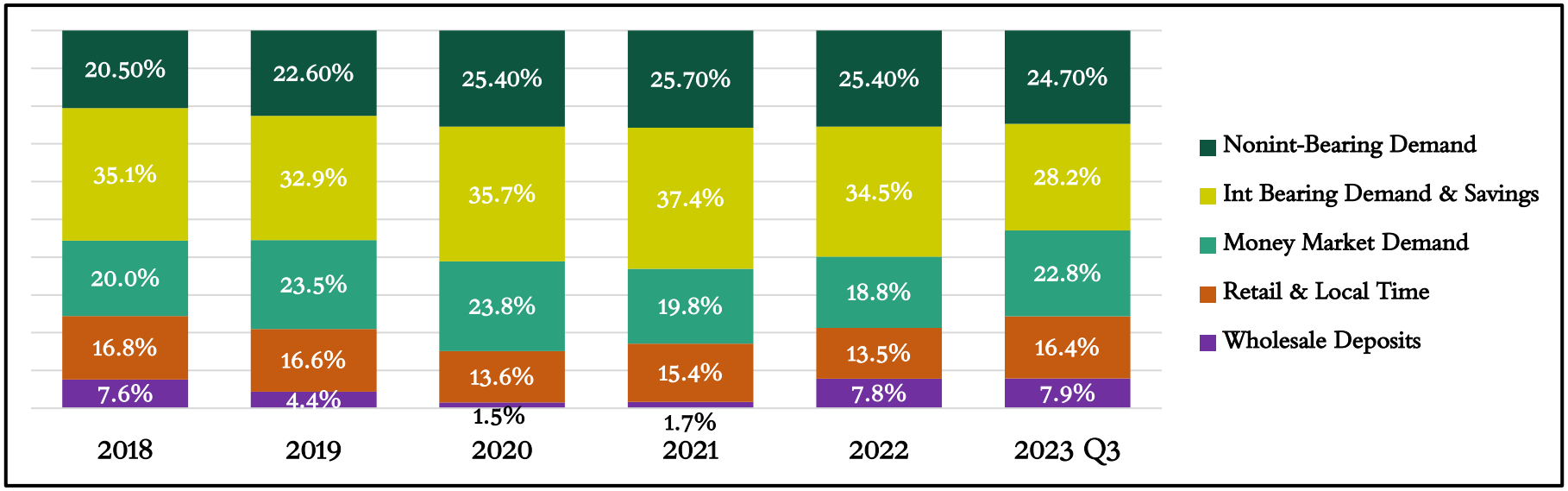
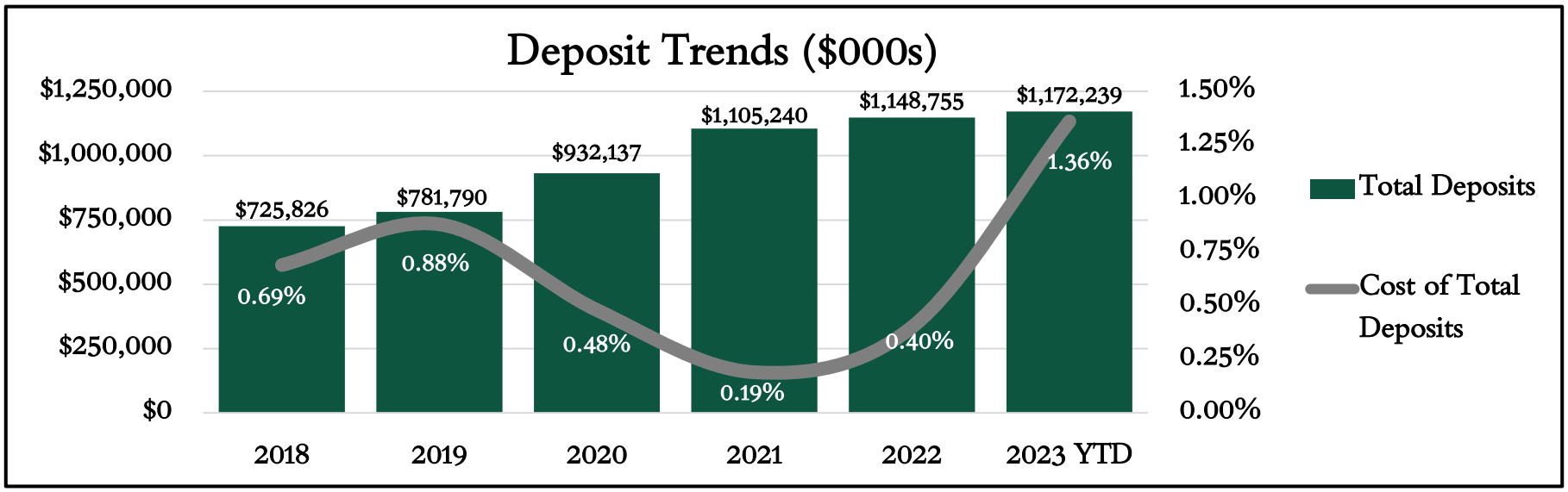
Deposit Portfolio





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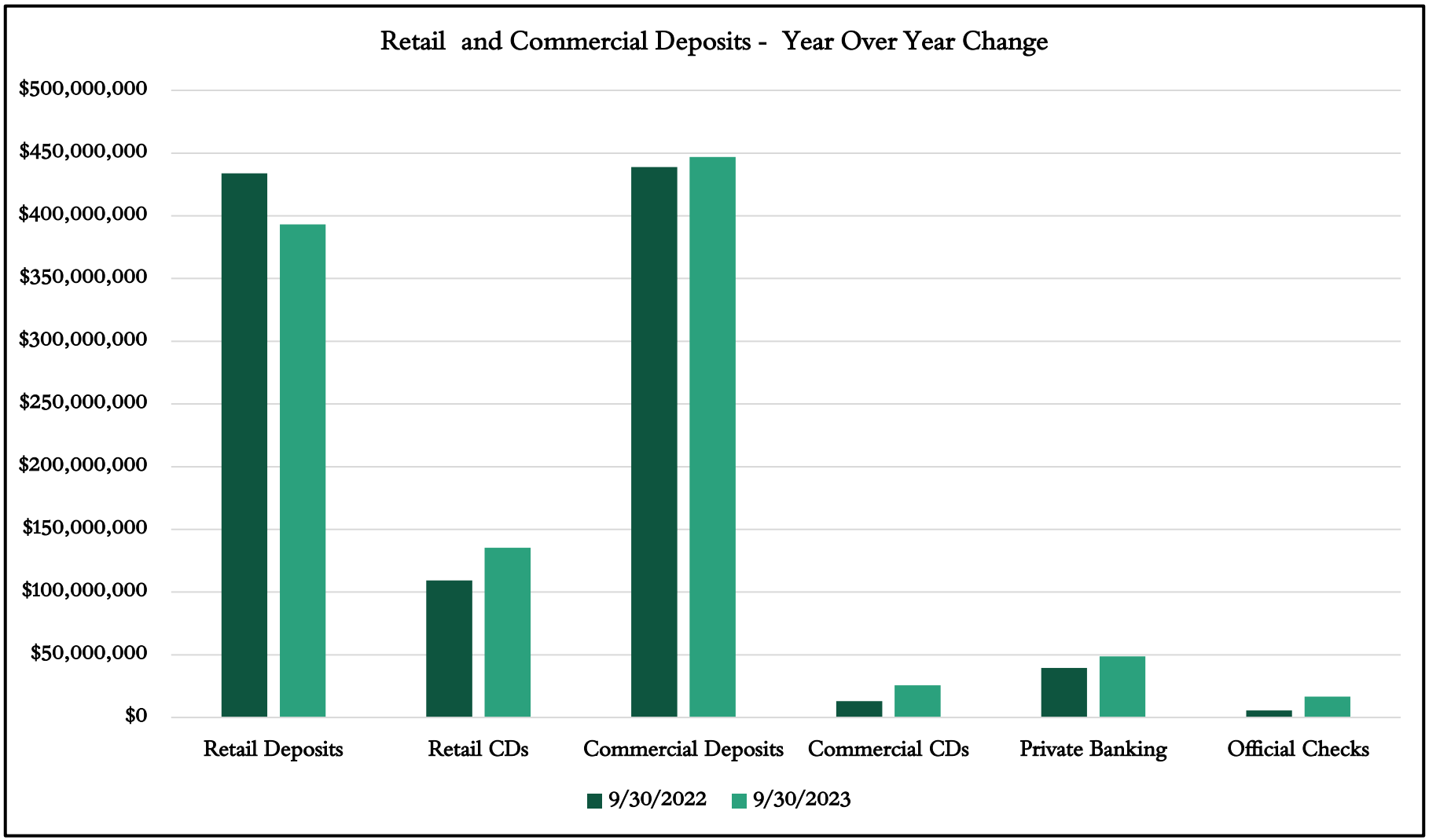
Core Deposit Changes



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Available Liquidity

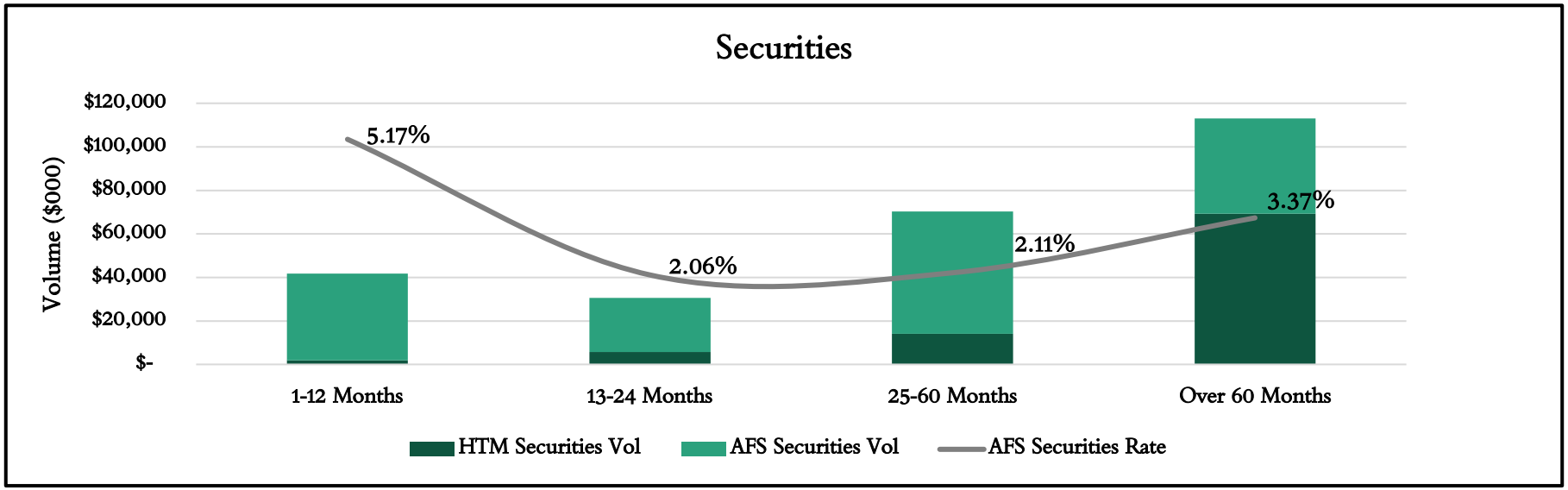
Liquidity Review	Utilized 09/30/2023	% of Assets	Authorized Available	Excess Capacity
FHLB Advances	$ 128,000,000	8.9%	$ 408,000,000	$280,000,000
Brokered CDs/NMCDs*	91,836,000	6.4%	431,000,000	339,164,000
CDARs/ICS	31,428,837	2.2%	31,428,837	NA
Bankers' Bank Fed Funds Line	-	0.0%	15,000,000	15,000,000
Other Fed Funds Lines **	-	0.0%	18,000,000	18,000,000
FRB Discount Window * (subject to collateral)	-	0.0%	100,000,000	23,000,000
Holding Company Line of Credit	-	0.0%	10,000,000	10,000,000
Total	$ 251,264,837	17.5%	$ 1,013,428,837	$ 685,164,000

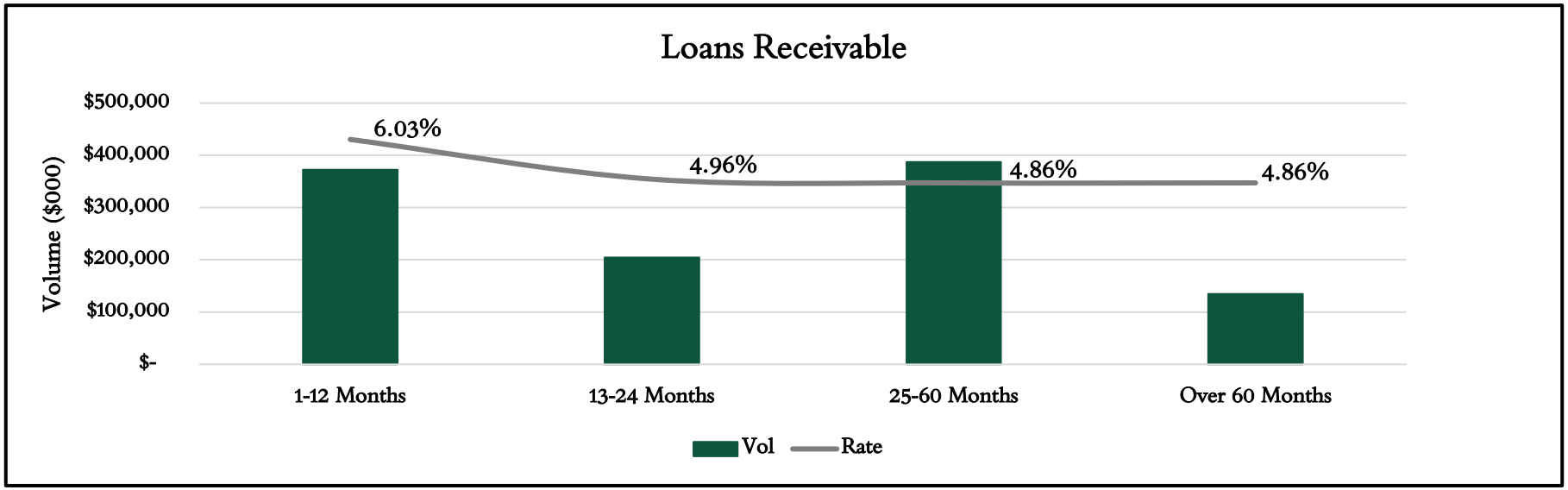
* Limit is set by policy

** Availability not guaranteed

Funds are limited to 35% of total assets

Asset Repricing – Base Case





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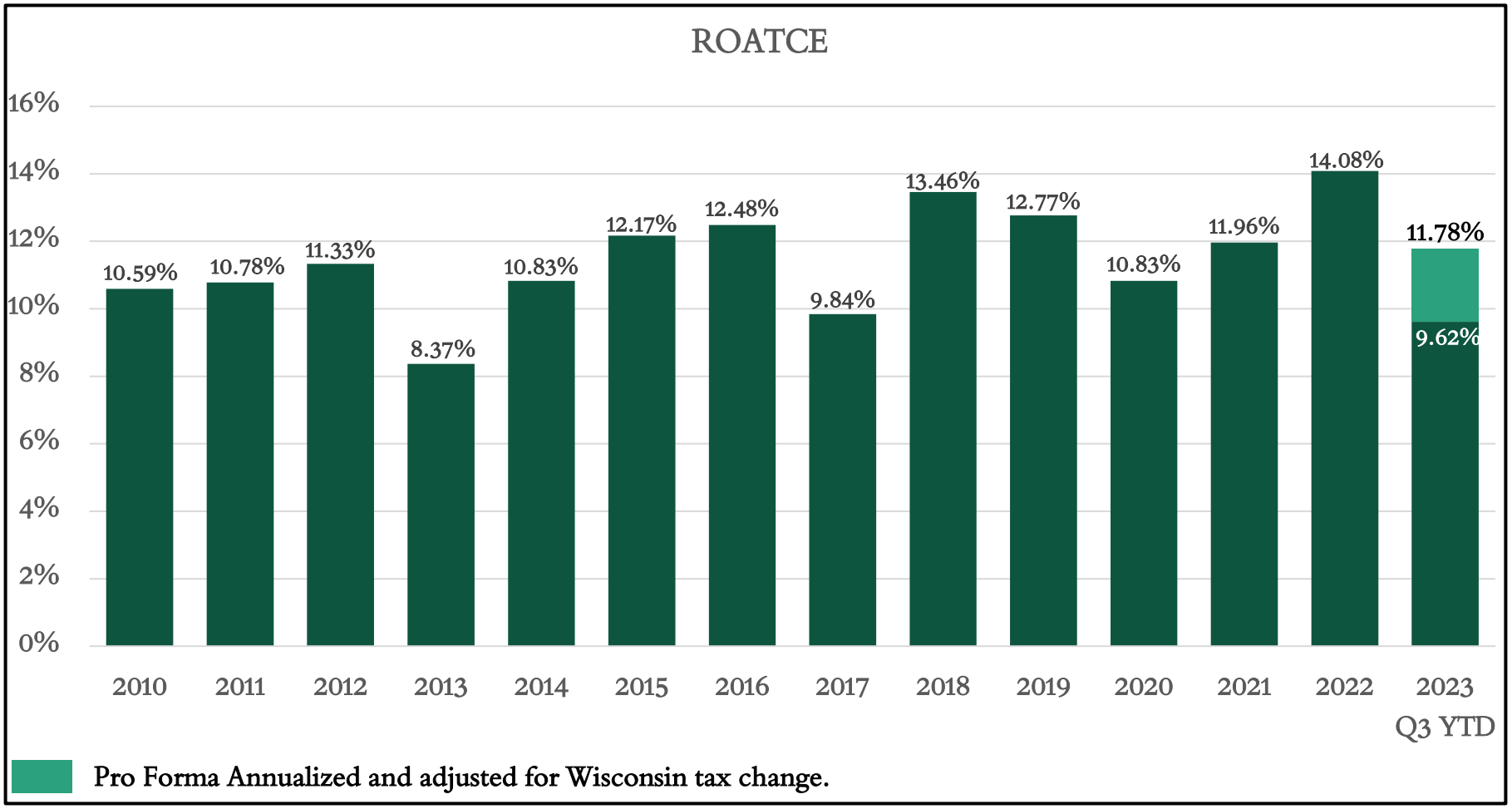
History of Strong Returns

History of Returns



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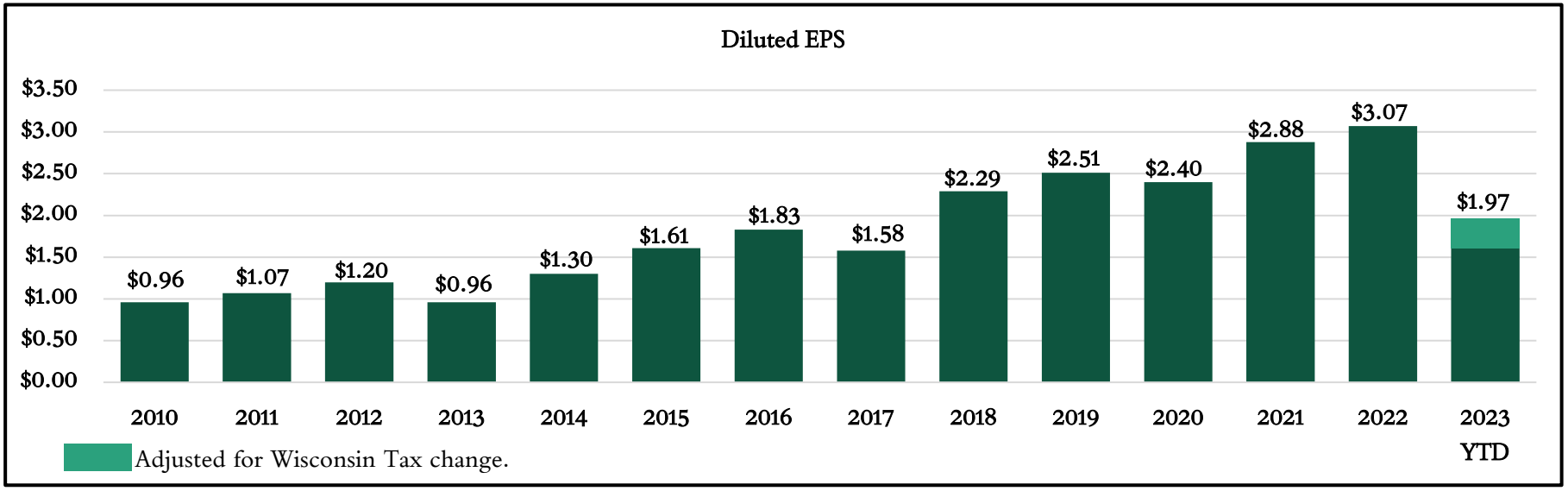
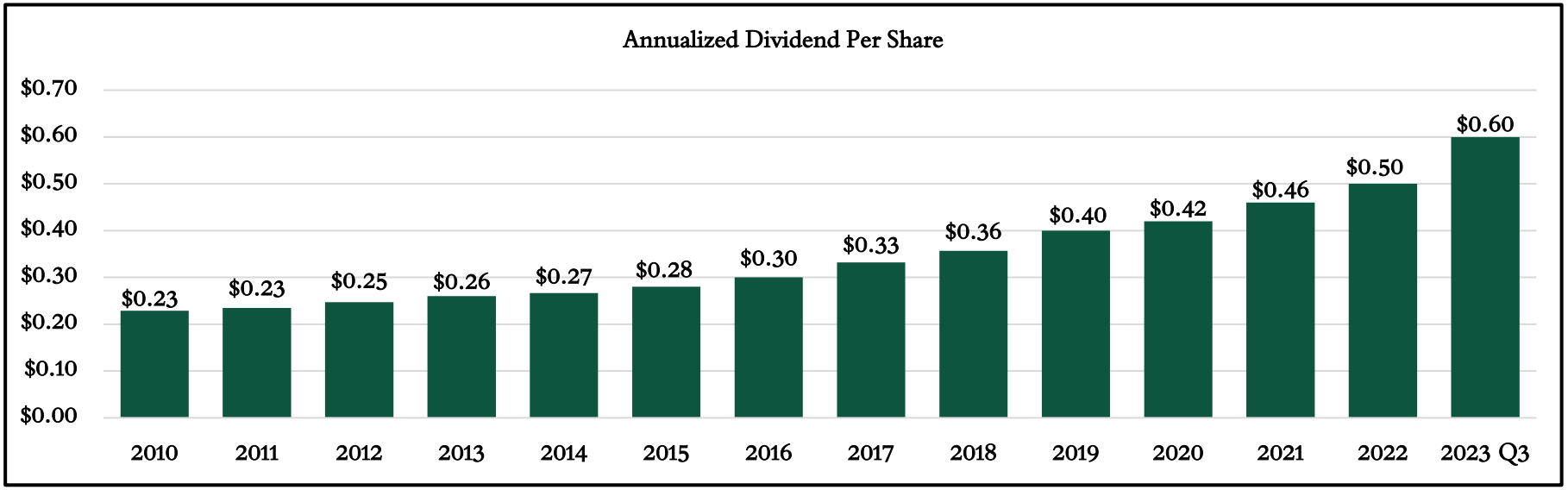
Per Share Trends





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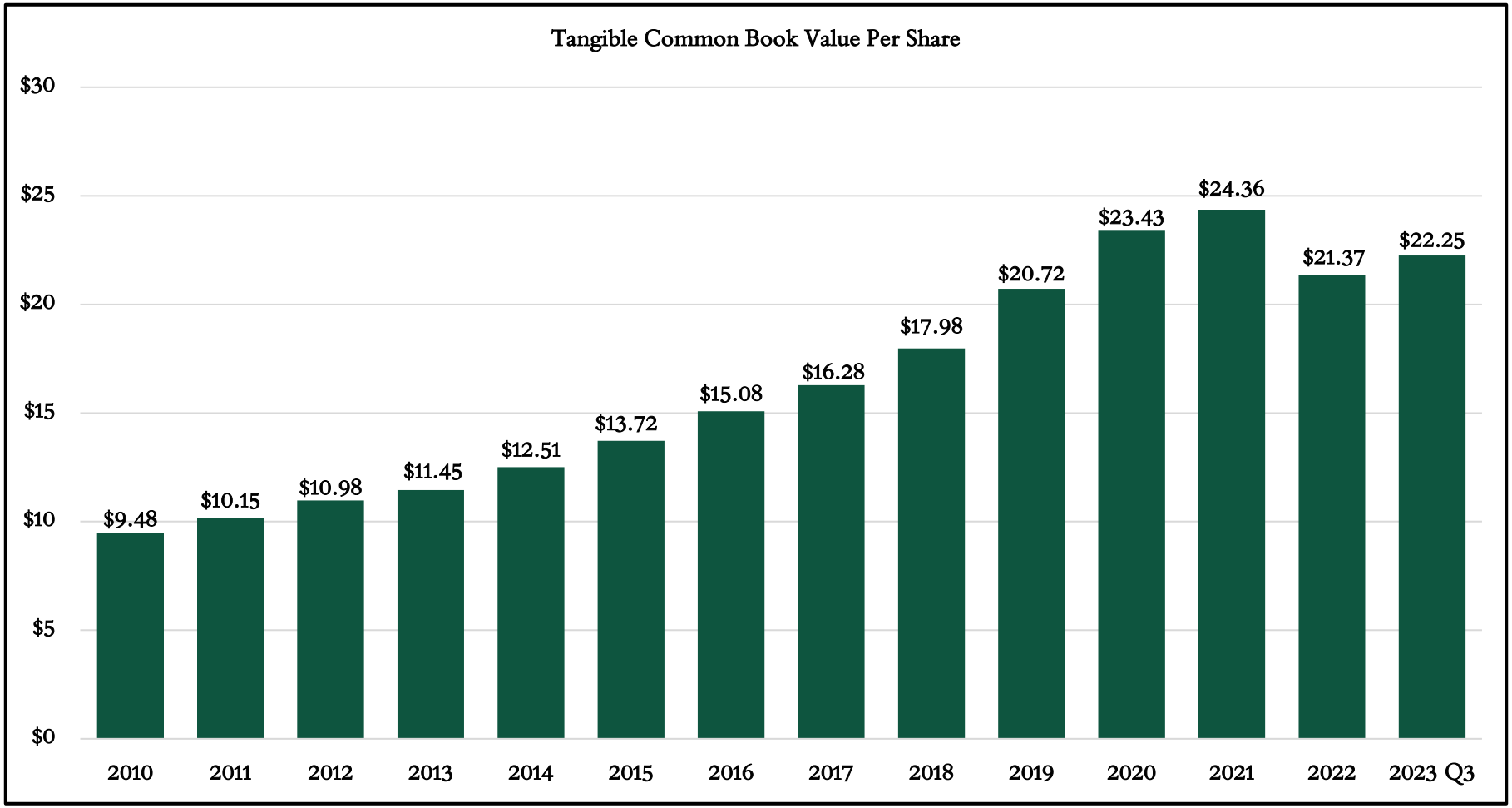
Per Share Trends



AOCI Impact	$0.52	$0.46	$0.37	$0.12	$0.17	$0.05	($0.15)	($0.15)	($0.37)	$0.29	$1.00	$0.14	($5.64)	($6.32)

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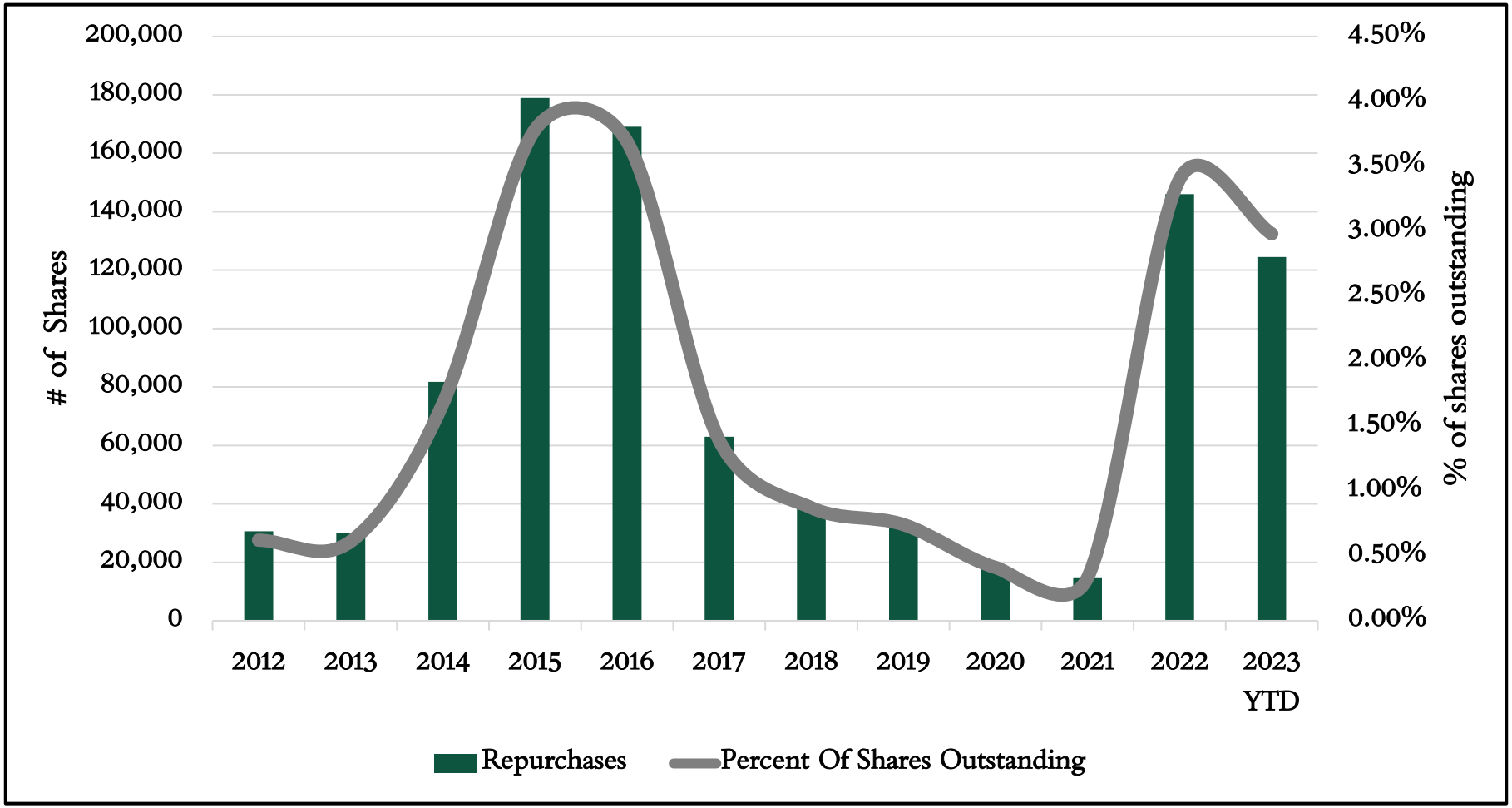
Capital Management Strategies

Actively Support Liquidity with Stock Repurchases



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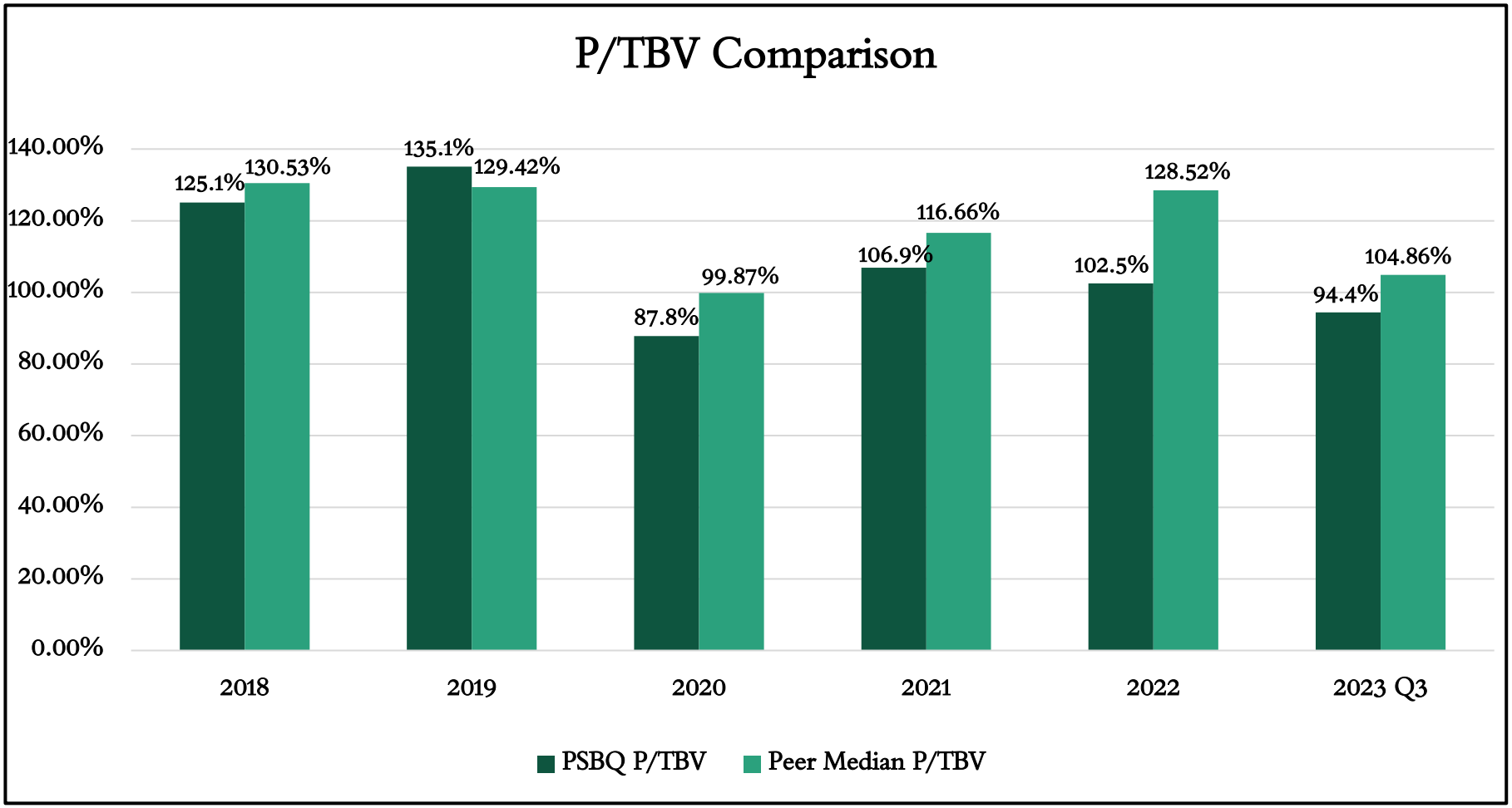
P/TBV Comparison



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $3.0 billion at 09/30/23

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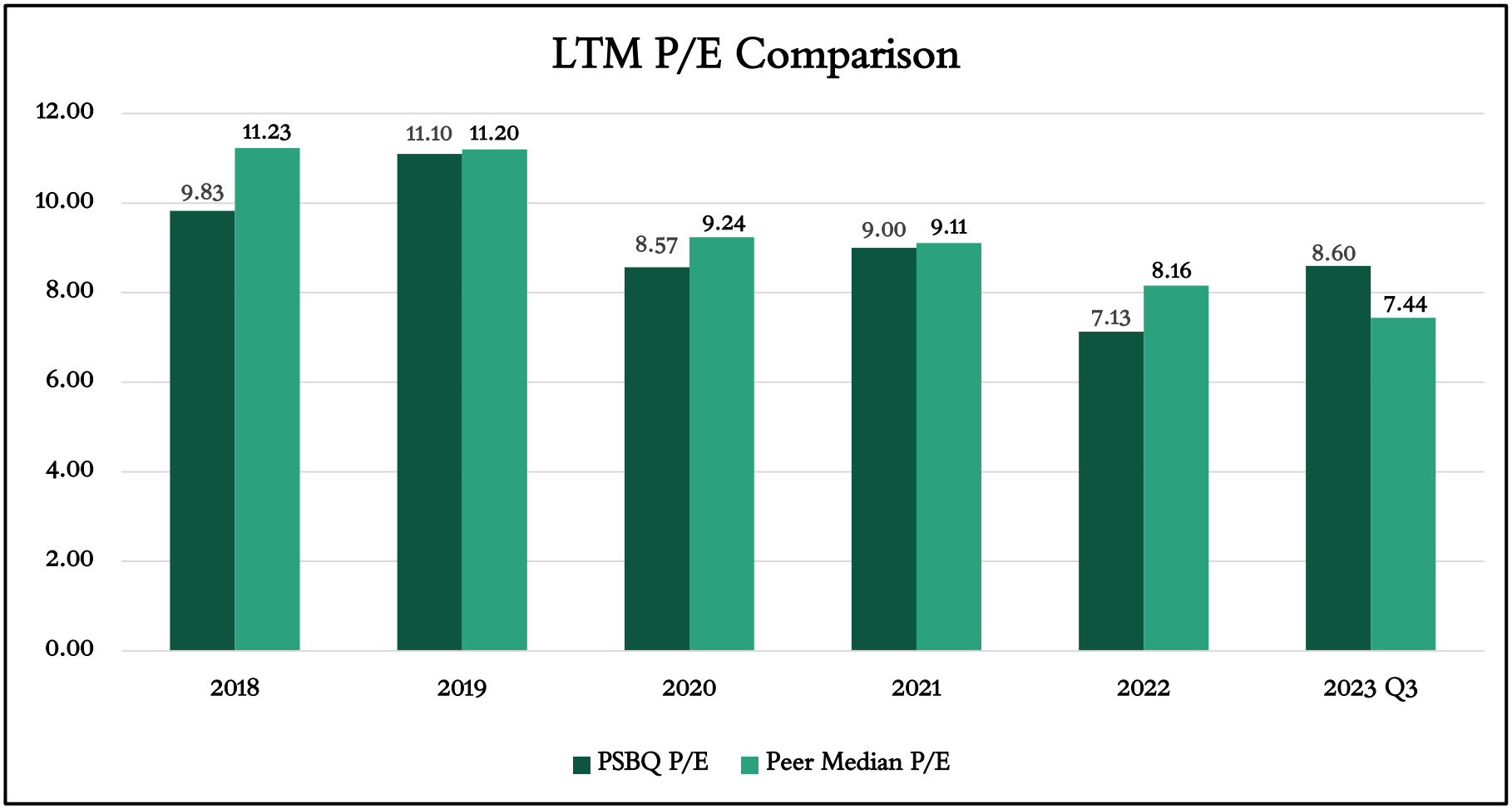
P/E Comparison



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $3.0 billion at 09/30/23

PSB HOLDINGS, INC.

Investment Appeal

- ✓ Current Price Discounted to Growth, Asset and Earnings Quality
- ✓ Immediate Earnings Benefit from Wisconsin Tax Law Change
- ✓ Actively Support Liquidity with Stock Repurchases
- ✓ Extended History of Delivering Double Digit Returns on Tangible Equity, Building Tangible Book Value
- ✓ 30 Year History of Increasing Dividends Paid to Shareholders
- ✓ Efficient Franchise With Significant Market Presence in Each Branch Market Area
- ✓ Ample Organic Growth Opportunities Supported by Strong Underwriting Standards and History of Strong Credit Quality
- ✓ Smaller Bank Roll-Up Opportunities and Expertise

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Capital Partners

- ✓ What types of small banks have you invested with in the past?
- ✓ How would you approach the value of PSBQ today?
- ✓ Would you be more interested in acquiring PSBQ shares over time through open market purchases, or would you prefer the single purchase of a larger block?
- ✓ Would you have interest in participating in a new common stock capital rise for growth or an acquisition? How have you structured the terms of such deals you have done in the past?