# Annual Shareholder Meeting

PSB HOLDINGS, INC.



# William J. Fish

Chairman
PSB Holdings, Inc.
Peoples State Bank

PSB HOLDINGS, INC.


PSB
HOLDINGS, INC.

# Board of Directors

## Retiring



Peter W. Knitt



Lee E. Guenther

## Joined in 2023-24



Lynn M. Falk



George E. Fahr

PSB HOLDINGS, INC.

# Board of Directors

Proposed



Tim Kilgore



Jeff Wickersham

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**

- Strategic Focus and Highlights
- Issues Impacting Bank Values
- Supporting Shareholder Needs

**Jessica M. Barnes**

- 2023 Financial Review
- Shareholder Value Strategies

**Scott M. Cattanach**

- Formal Business – Shareholder Vote
- Questions & Answers

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# What Can $390,000 Create?

| Peoples STATE BANK | Since August '62 | Last 5 Years |
|---|---|---|
| Earnings | $188,500,000 | $57,878,000 |
| Dividends Paid | $55,800,000 | $10,347,000 |
| Assets | $1,413,000,000 | $508,000,000 |
| Deposits | $1,141,800,000 | $416,000,000 |

**Today's Peoples State Bank**

12 full-service branches and 1 loan production office with 212 employees serving 20,617 households and businesses from Eagle River to downtown Milwaukee, Wisconsin.

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# Shareholder Value Roadmap

**Improve shareholder liquidity through increased bank capital resulting in NASDAQ market index listing**

**Reach $1.8 to $2 billion in assets by December 2026**

**Target 1.00% return on assets**

**Maintain regular dividend growth**



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# 2023 Strategic Highlights

Peoples WEALTH MANAGEMENT | RAYMOND JAMES


Scott Wildman


Dana Kolbe


Connie Higgins


Bryan Nill

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# 2023 Strategic Highlights

## Stevens Point Full-Service Office







138 McDill Ave., Stevens Point, WI 54481

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# 2023 Strategic Highlights

## ITMs & TCRs






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SKINNY
STICKS
BOURBON BARREL AGED
Wisconsin Maple Syrup

# 2024 Strategic Objectives

Right-size loan growth to rebuild capital flexibility and increase net interest margin



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# 2024 Strategic Objectives




## Open new downtown Milwaukee branch location

790 N. Jefferson Street
Milwaukee, WI 53202

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# 2024 Strategic Objectives

Rollout **Ideal Team Player** concept with staff to Re-establish internal service culture



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# Issues Impacting Bank Values

Short-term rates reflected in deposits have grown faster than renewing rates, lowering net margin

Rising rates have lowered market value of fixed rates securities purchased before 2022, lowering reporting book value per share

Concern over falling commercial real estate values raise fear of future charge-offs

5% risk-free returns and ever-rising tech investments reduce interest in bank stocks

# Value Comparisons

## 3-year price return




Source: S&P Capital IQ Pro
Note: Market data as of April 11, 2024

RAYMOND JAMES

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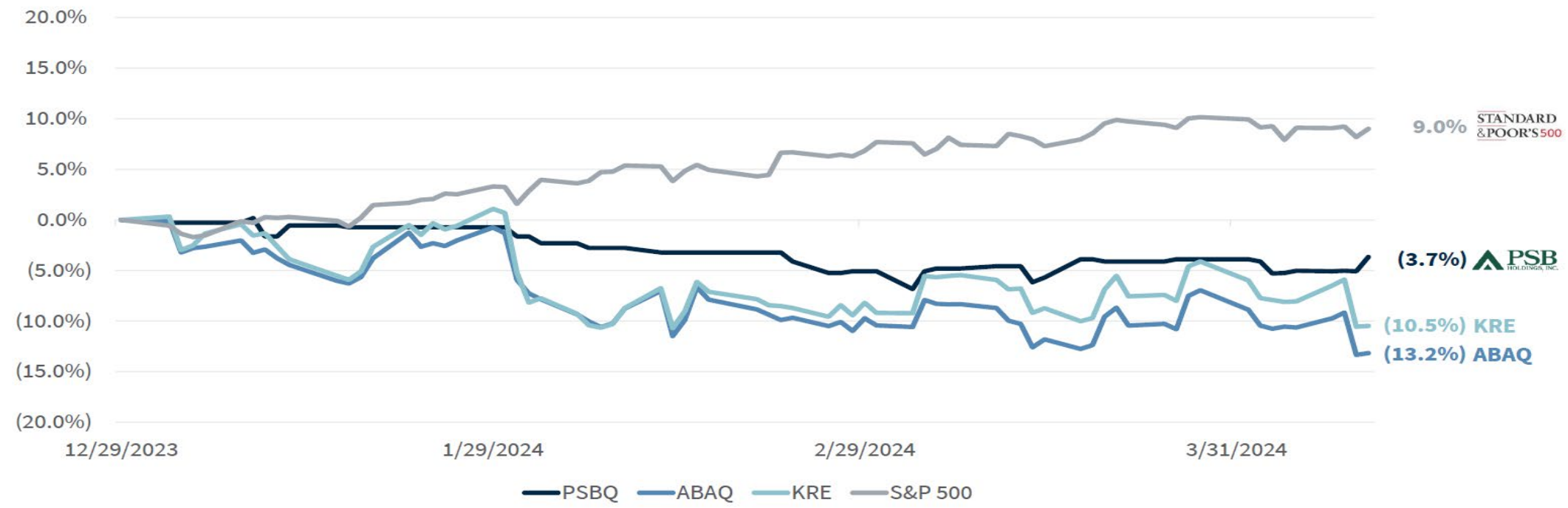
# Value Comparisons

## YTD price return




Source: S&P Capital IQ Pro
Note: Market data as of April 11, 2024

RAYMOND JAMES

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# Supporting Shareholder Needs

Focused on dividend growth

Focus on building capital ratios to support shareholder liquidity

Providing local, long-time, larger shareholders greater options to sell large blocks of shares that fit with their transition plans

Continue shareholder DRIP and automatic investment options through our transfer agent

# Factors Supporting Share Price Growth

Current market conditions allow new loans and renewing loans to reprice at “normalized” spreads – Loan yields moving higher at faster pace than deposit costs, increasing net margin

Loan pipeline remains strong, even with economic uncertainty – Credit risk very low in key areas: metro office buildings & hotels

Declining interest rates increase market value of fixed rate securities and increase share book value

Company maintains market relationships and a consistent buyback program to ensure market liquidity



# Jessica M. Barnes

Senior Vice President
Chief Financial Officer
Peoples State Bank

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# Historical Net Income
# &
# Earnings Per Share

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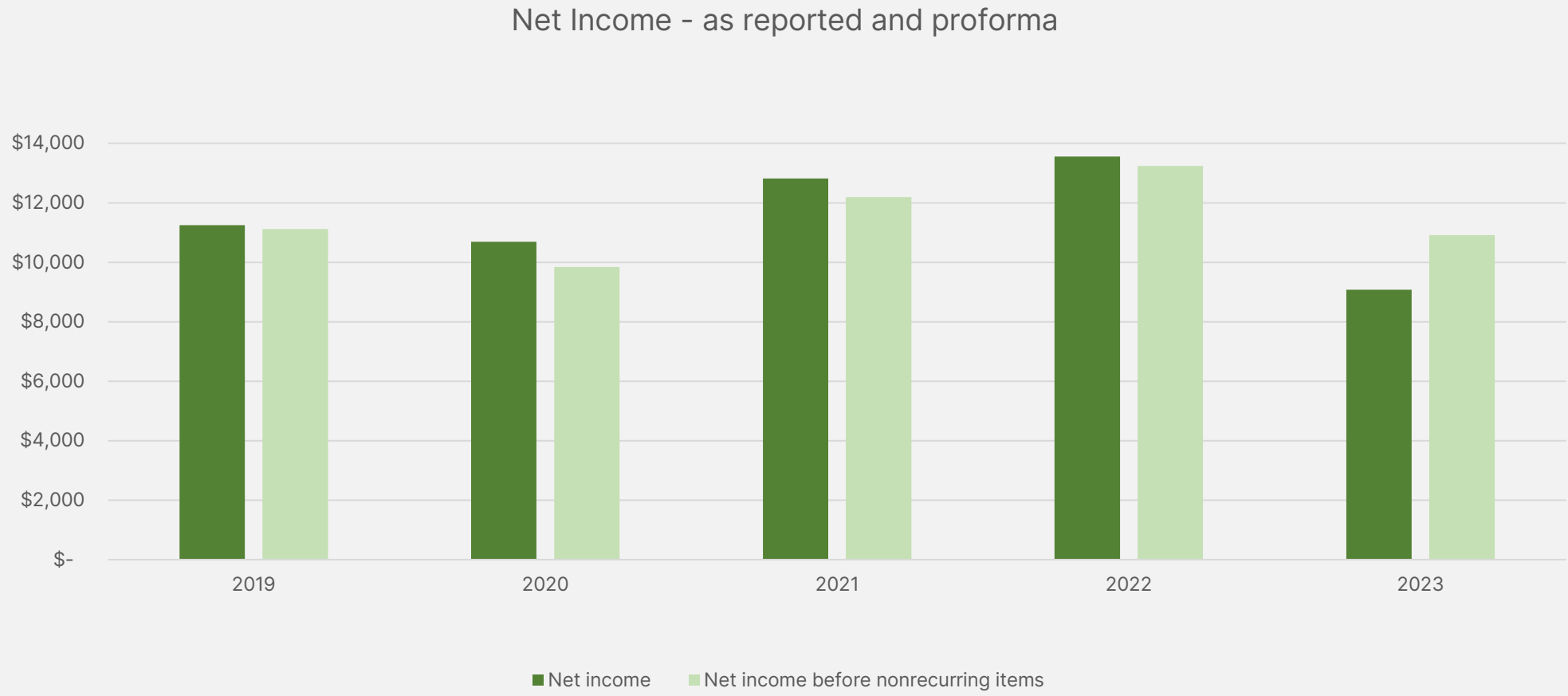
# Net Income Growth

## Before & After Special Items ($000s)

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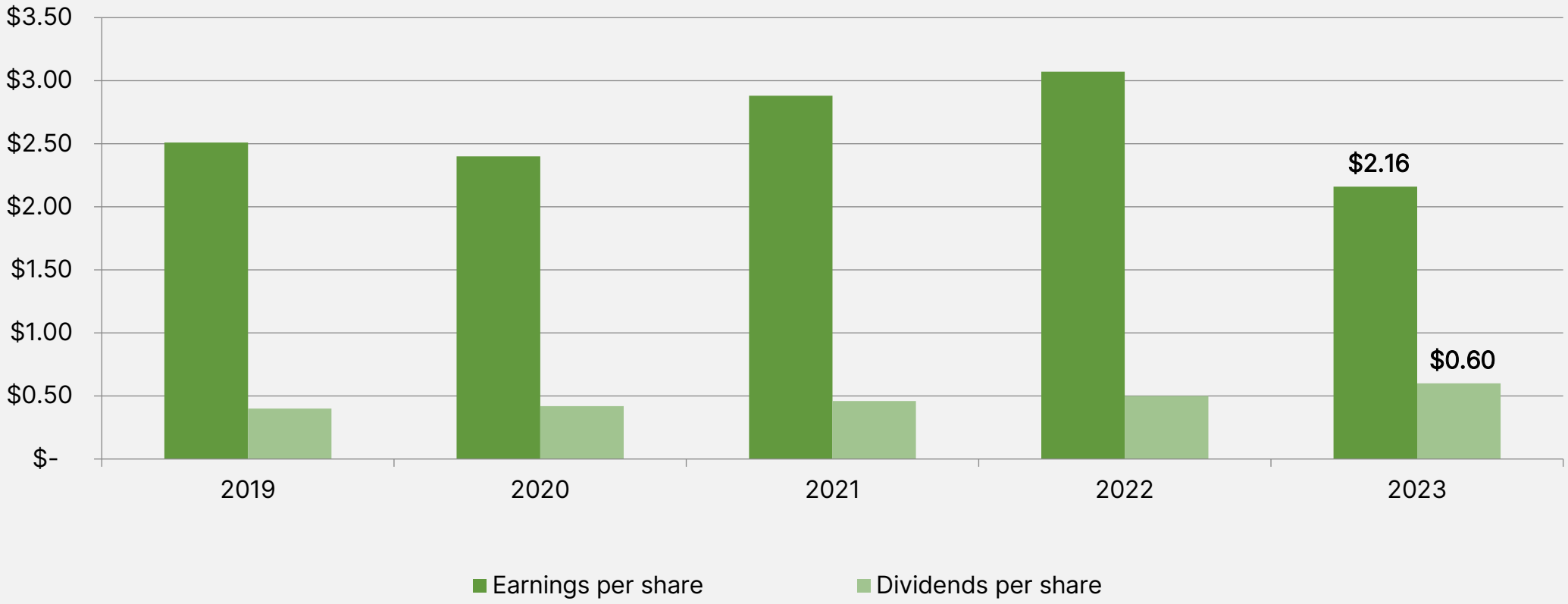
# New Wisconsin Tax Law

- 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%.

- The impact to PSBQ net income in 2023 was a reduction of net income of $1.9MM primarily due to the recording of an allowance against Wisconsin deferred tax assets, including those assets related to accumulated other comprehensive income.

# Diluted Earnings & Dividends Per Share

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# Balance Sheet Growth & Composition

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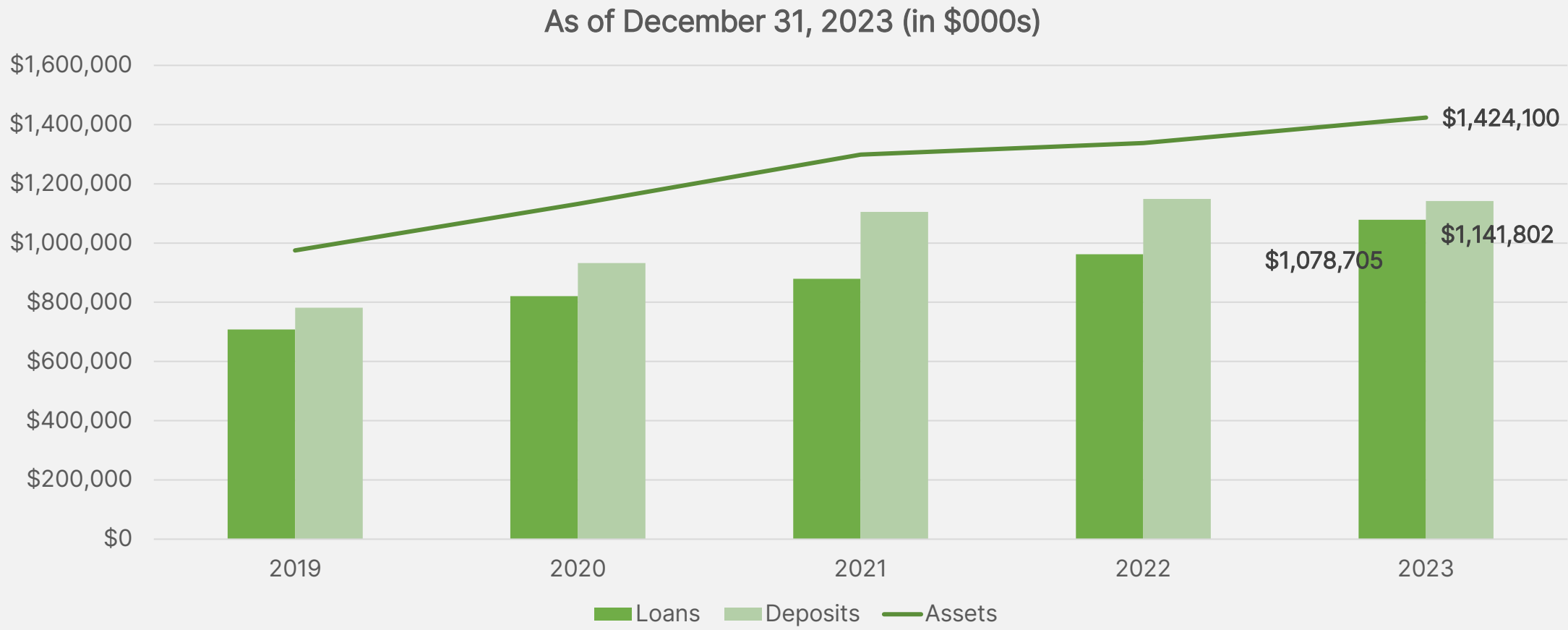
# Total Assets, Loans, & Deposits

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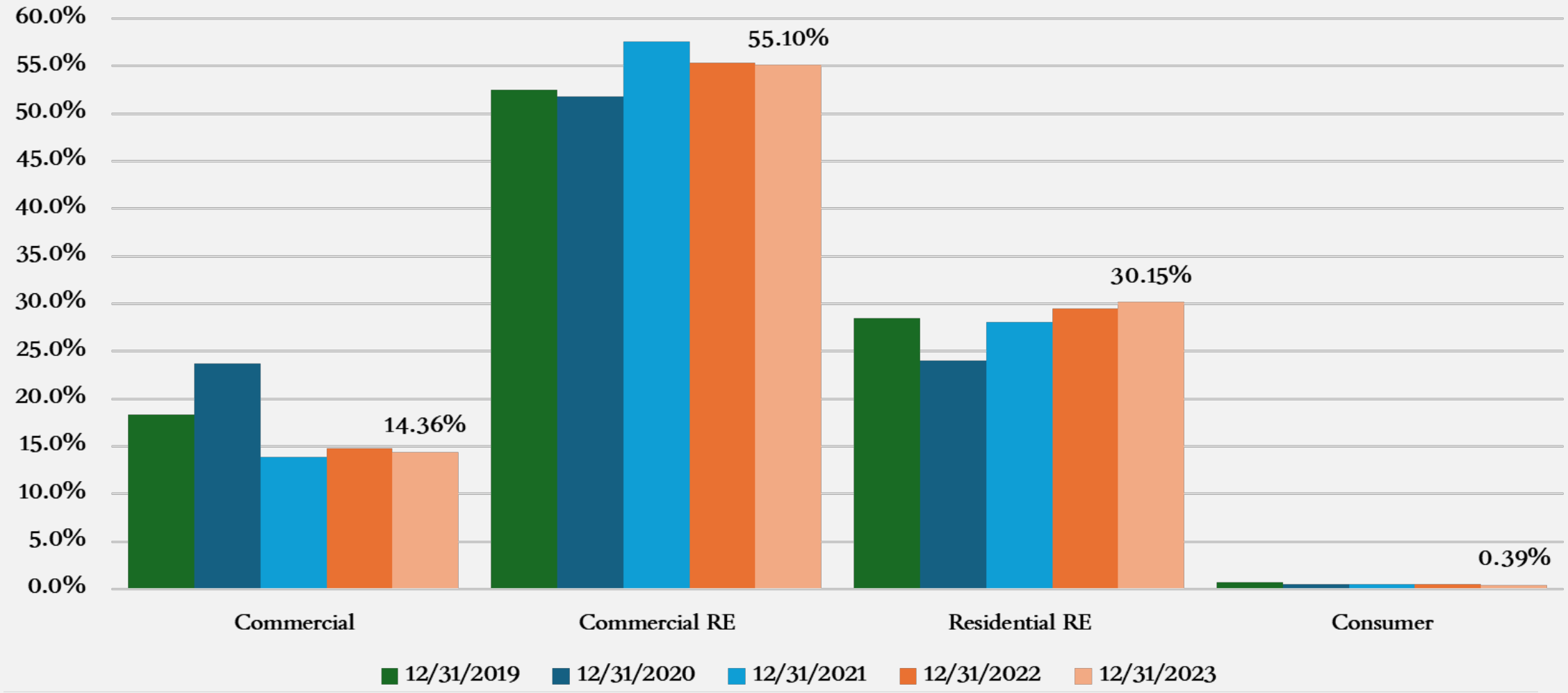
# Loan Composition

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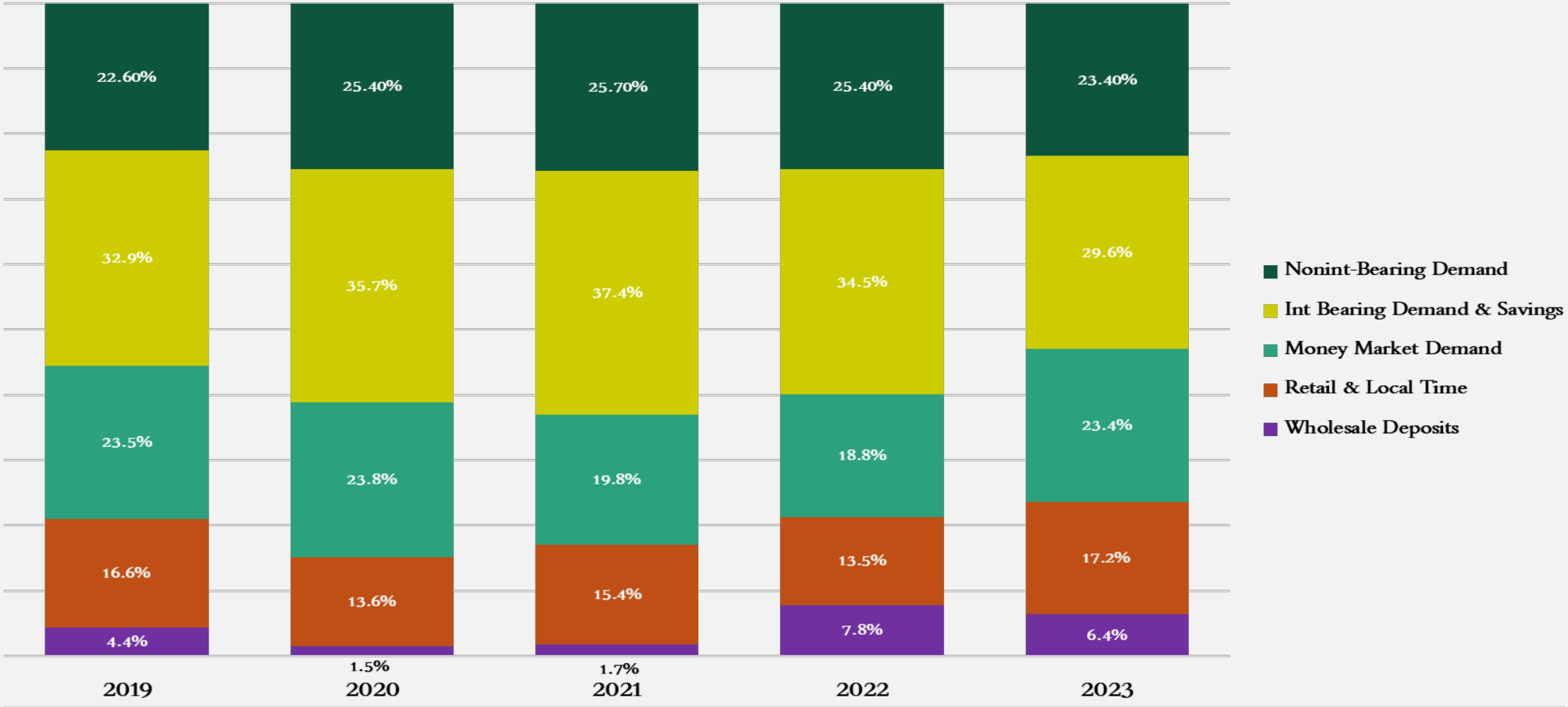
# Deposit Composition

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# Results Compared to Peer Banks

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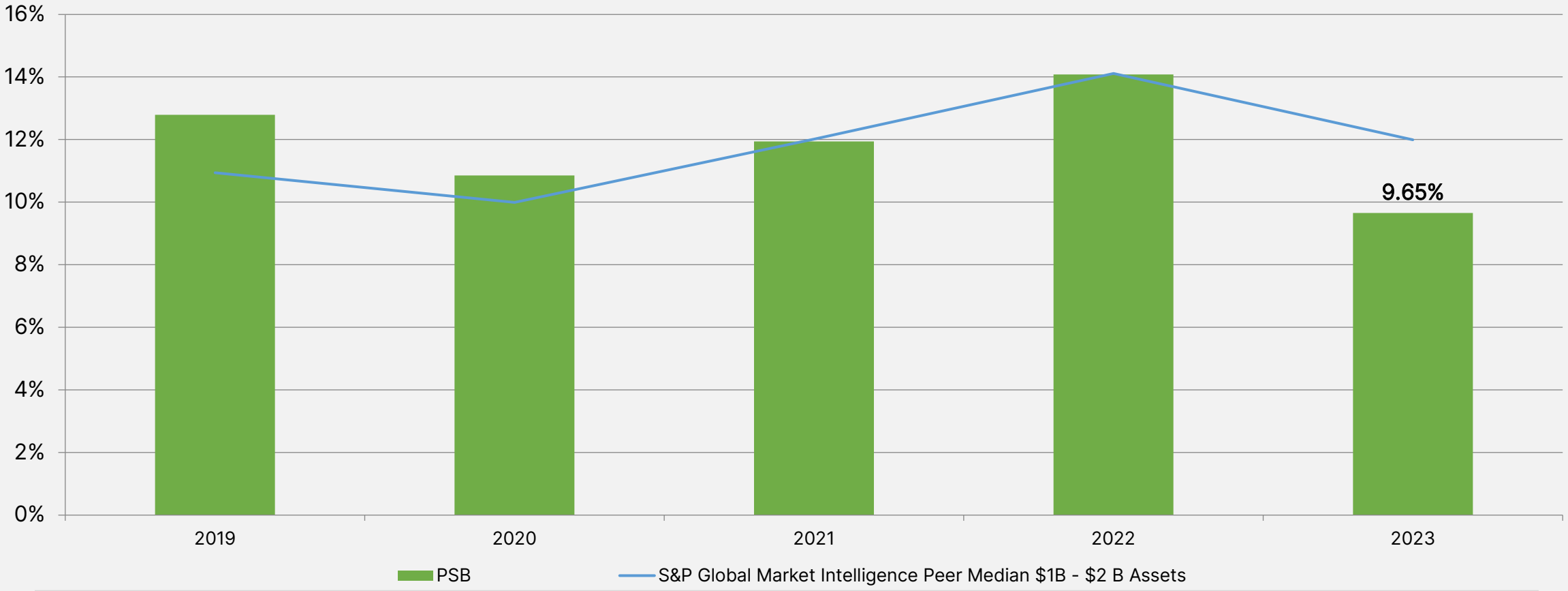
# Return on Average Tangible Common Equity vs. National Peer




Peers include all publicly-traded financial institutions with assets between $1.0 billion and $2.0 billion at 12/31/2023

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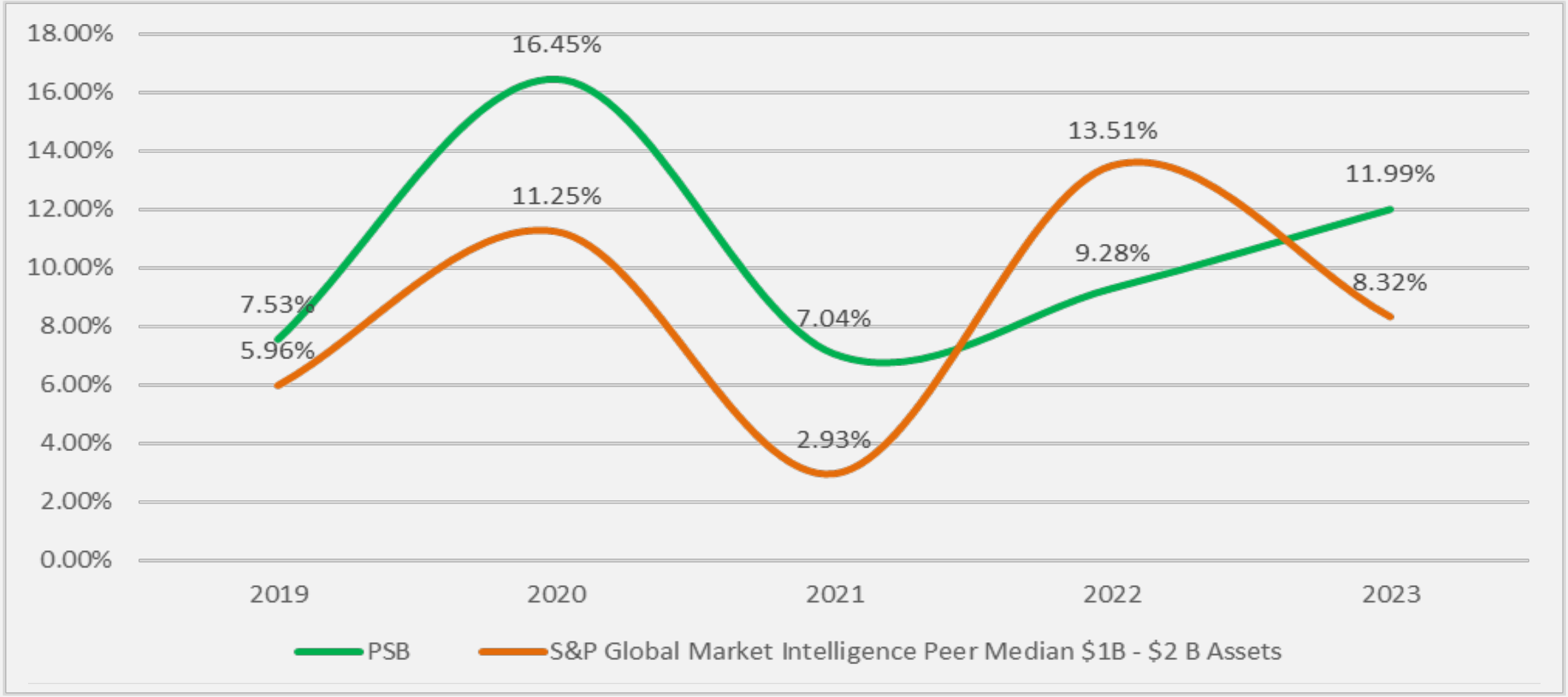
# Loan Growth vs. National Peer

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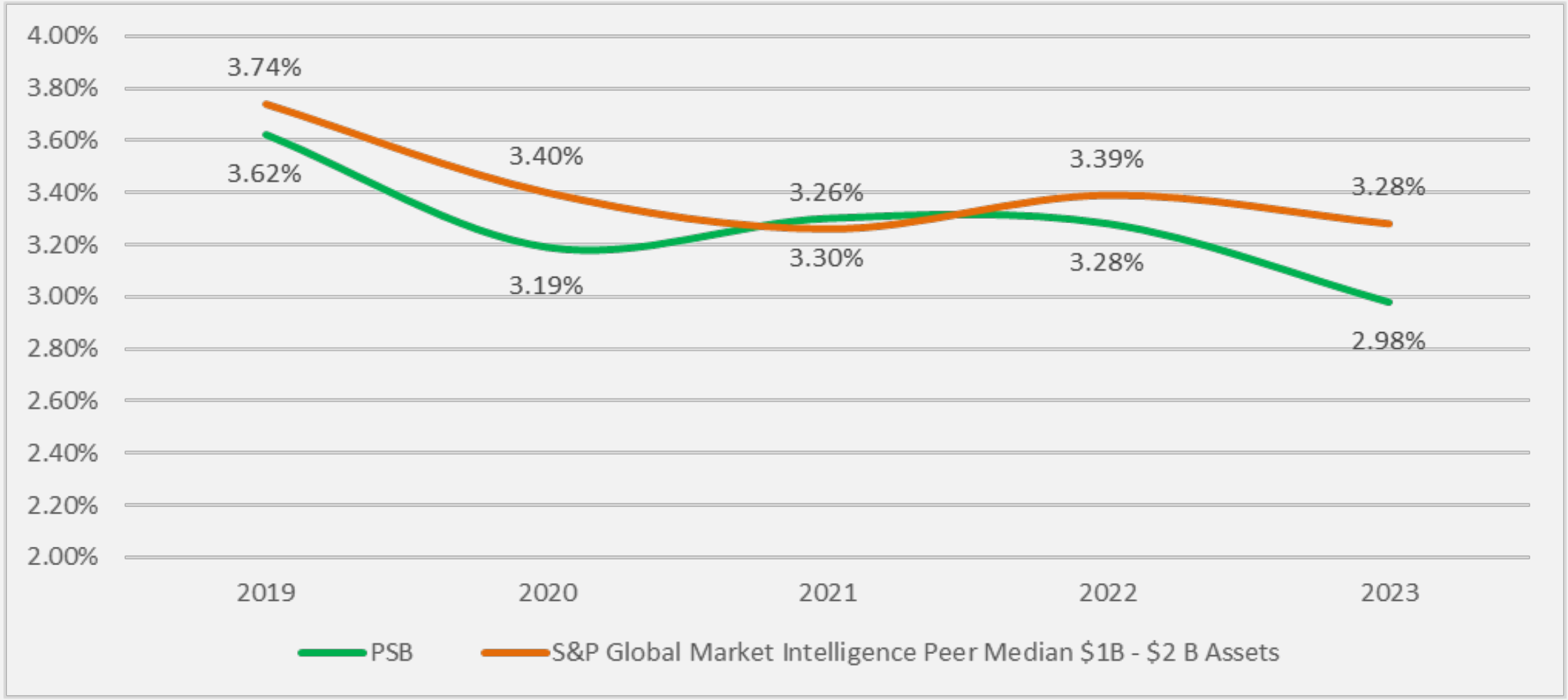
# Net Interest Margin vs. National Peer

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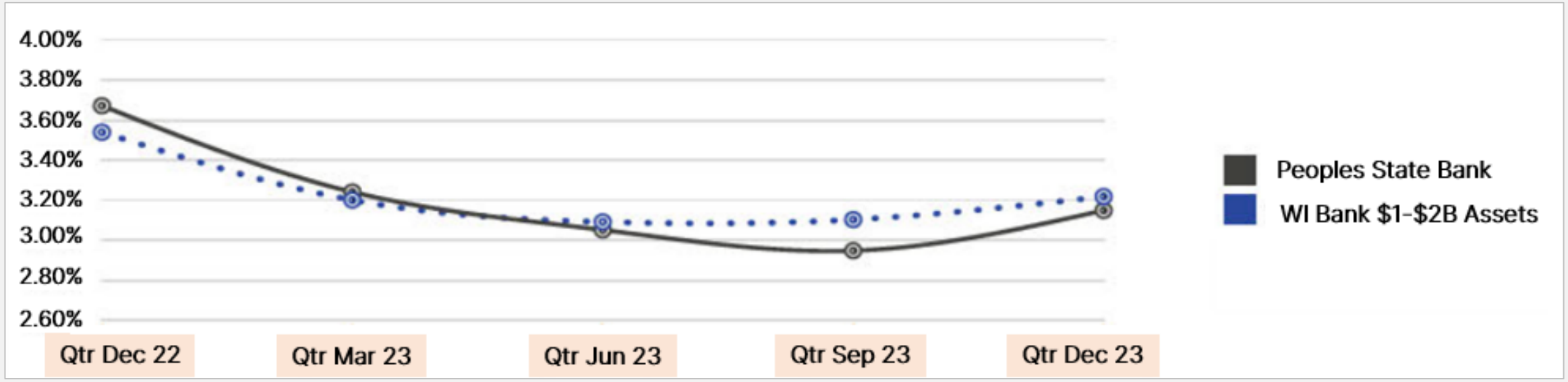
# Net Interest Margin vs. Local Peer




Peers include Wisconsin-based financial institutions with assets between $1.0 billion and $2.0 billion at 12/31/2023

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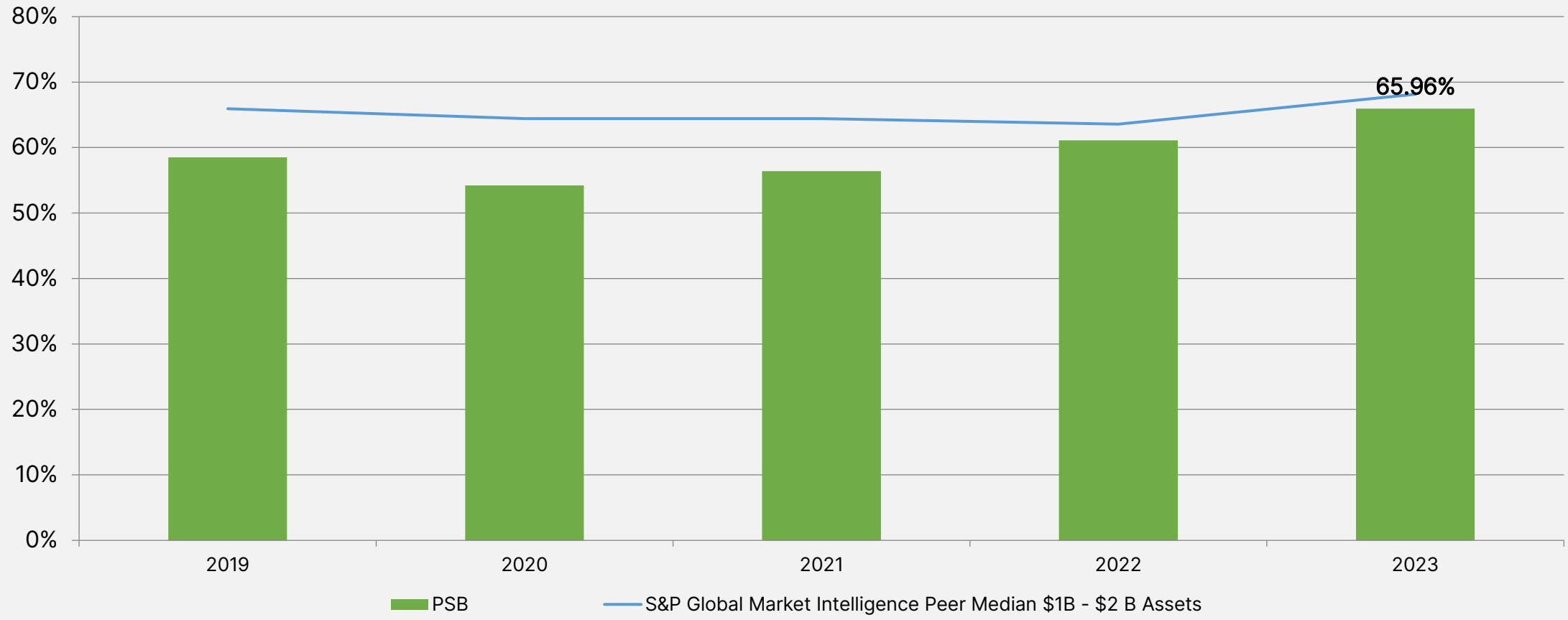
# Efficiency Ratio vs. National Peer




Peers include all publicly-traded financial institutions with assets between $1.0 billion and $2.0 billion at 12/31/2023

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# Measuring Shareholder Return

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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

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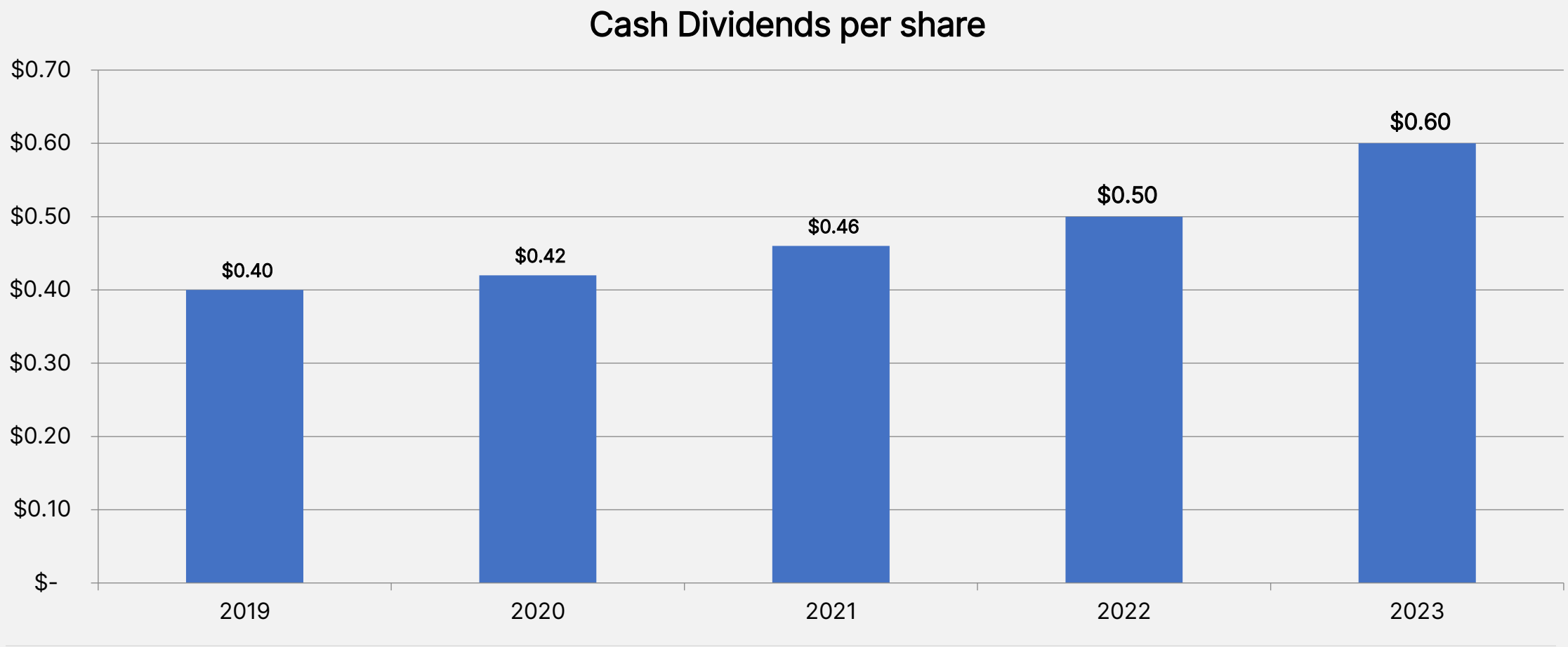
# Annualized Dividends per Share

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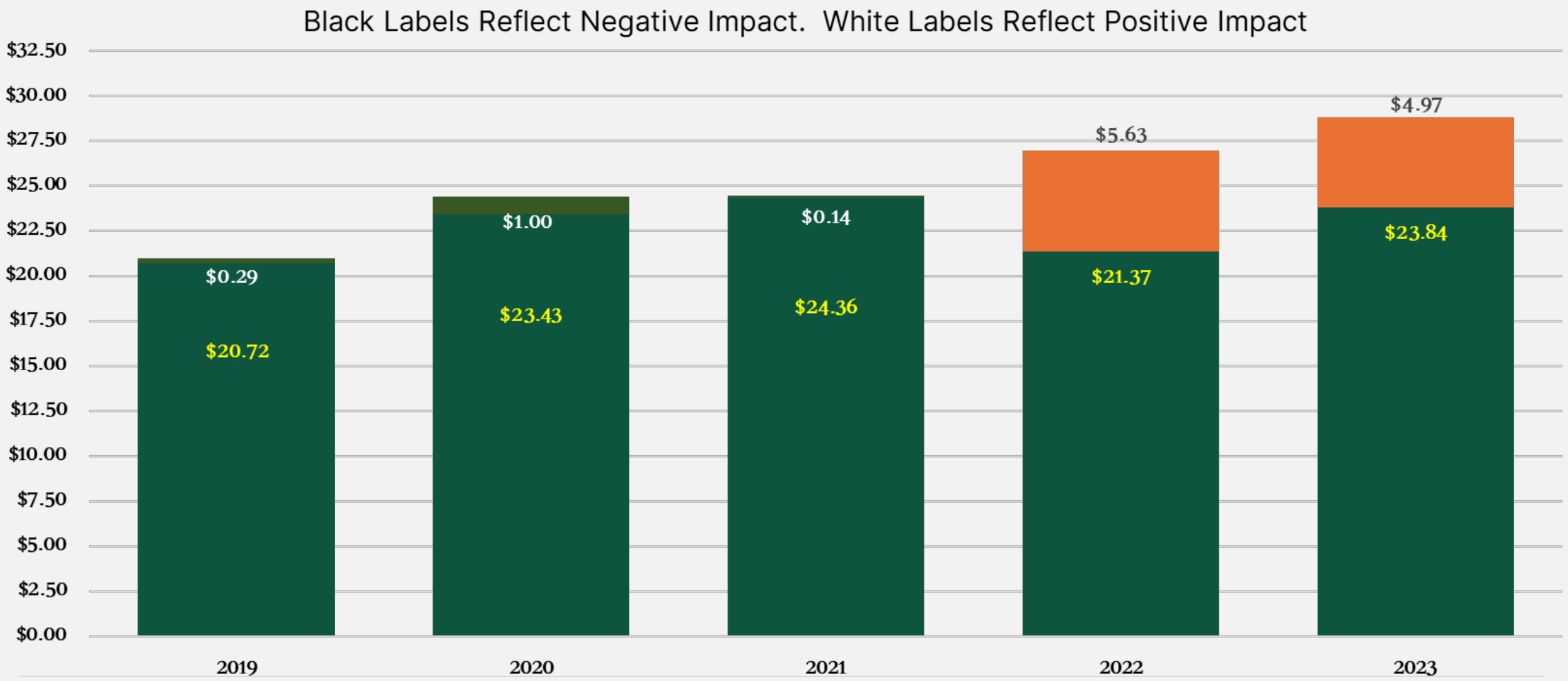
# Tangible Book Value per Share and AOCI Impact

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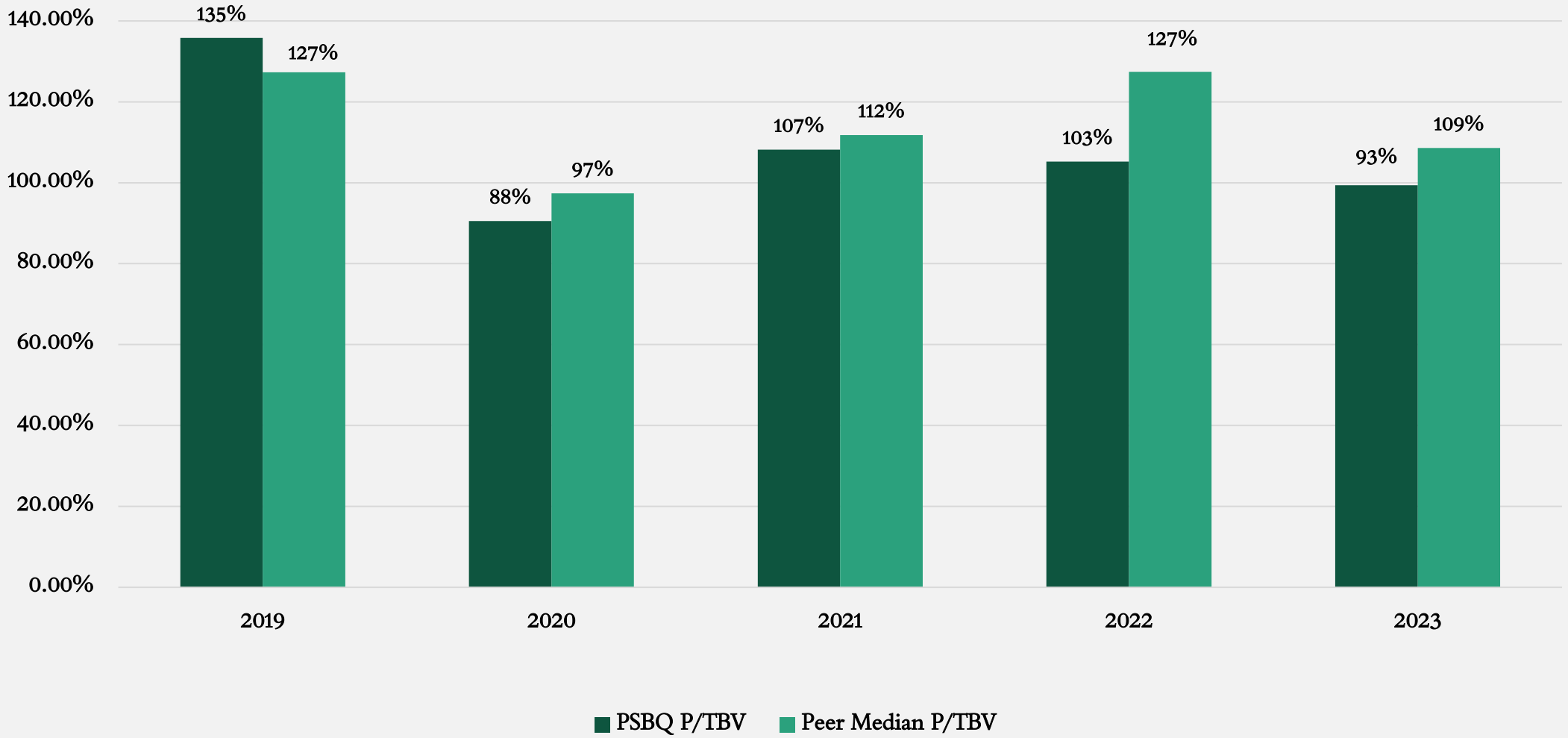
# P/TBV Comparison




Peers include all publicly-traded financial institutions with assets between $1.0 billion and $2.0 billion at 12/31/23

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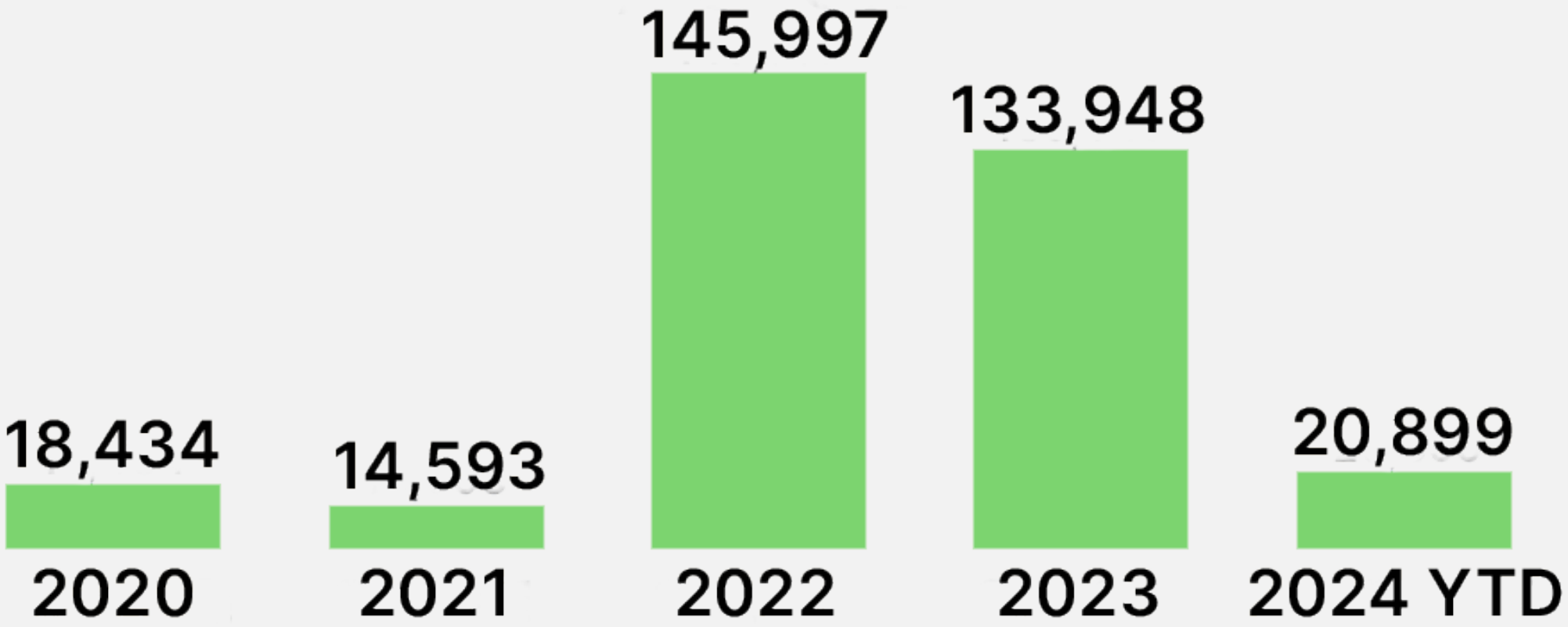
# Historical # of Shares Repurchased

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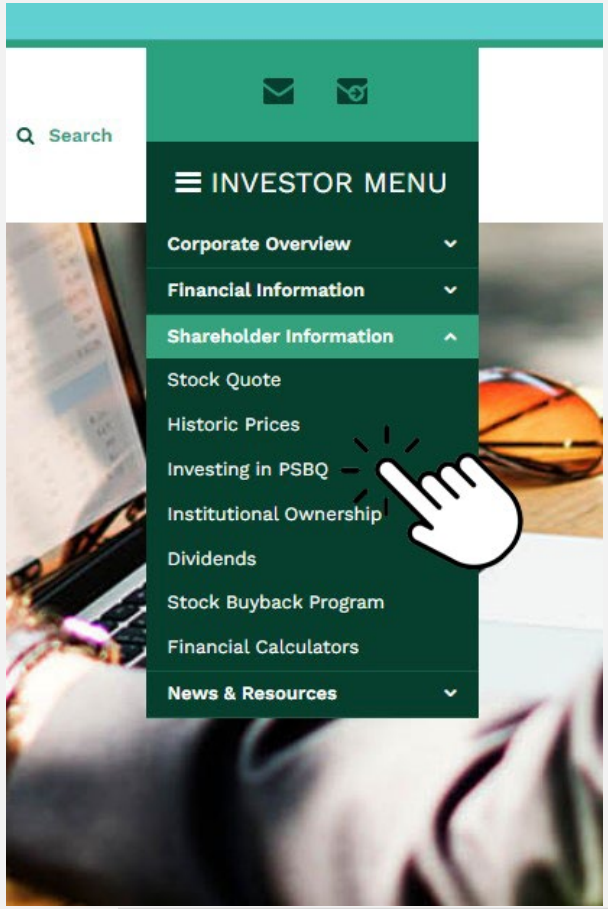
# DRP Plan




- 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).

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# Liquidity & Stability

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# Liquidity Sources

| | Utilized | | Authorized | Excess |
|---|---|---|---|---|
| | 12/31/2023 | % of Assets | Available | Capacity |
| 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 * | $ - | 0.0% | $ 25,138,000 | $ 25,138,000 |
| FHLB Advances & Wholesale repos | $ 155,226,368 | 11.4% | $ 450,000,000 | $ 294,773,632 |
| Brokered CDs/NMDs/CDARs/ICS | $ 114,452,894 | 8.4% | $ 425,000,000 | $ 310,547,106 |
| Holding Company | $ - | 0.0% | $ 10,000,000 | $ 10,000,000 |
| Total | $ 269,679,262 | | $ 943,138,000 | $ 673,458,738 |

* Availability not guaranteed

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# Q1 2024

# Earnings Released
# April 22, 2024

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# Annual Business Meeting

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# Questions?

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# Thank you!

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