PSB HOLDINGS, INC.

RAYMOND JAMES

Raymond James 2024 US Bank Conference

September 5, 2024

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.

PSB HOLDINGS, INC.

About PSB Holdings Inc.
Peoples State Bank

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 and as director of the NTC Foundation. 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



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 is an Executive Committee member and Treasurer for LEAVEN and serves on the Finance Committee for Habitat for Humanity (Fox Valley). Jessica is passionate about financial literacy and currently serves on the WBA's Financial Literacy Board.

Phone: 715.847.4100 *E-Mail:* jessica.barnes@bankpeoples.com



Erik A. Rajek is Senior Vice President and Chief Credit Officer of Peoples State Bank. His credit team is responsible for risk assessment on new and problem loans and recently he began building the bank's Small Business Administration (SBA) 7a guaranteed commercial loan program. Mr. Rajek is also the interim leader of the PSB commercial services team. He has nearly two decades of experience in commercial loans and credit work. His experience includes working on U.S. Small Business Administration (SBA) loans and as a business development officer.

Phone: 715.847.4043 *E-Mail:* erik.rajek@bankpeoples.com

PSB HOLDINGS, INC.

Overview

Company Overview

- PSB Holdings, Inc. ($1.5 billion in assets) is the parent company of Peoples State Bank, a community bank headquartered in Wausau, Wisconsin, serving northcentral and southeastern Wisconsin from 12 full-service banking locations and 1 loan production office ("LPO"). PSB Holdings, Inc. has the leading community bank market share in deposits in northcentral Wisconsin.
- PSB Holdings, Inc. is focused on continuing to build full banking relationships with business customers. The strong underwriting process for new loans remains consistent with prior historical underwriting which delivered lower than peer net charge-offs and credit costs.
- During 2024, opened a new branch office in downtown Milwaukee making 3 locations in greater Milwaukee area and opened an LPO in Oregon, Wisconsin to serve the Madison, Wisconsin area. During 2023, converted Stevens Point, Wisconsin LPO to a full-service branch location. In 2021, PSB Holdings, Inc. completed the acquisition of Waukesha Bankshares, Inc., in the western Milwaukee market.
- Ranked #1 in Wisconsin for SBA 504 lending through WBD, Inc in 2021. 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.

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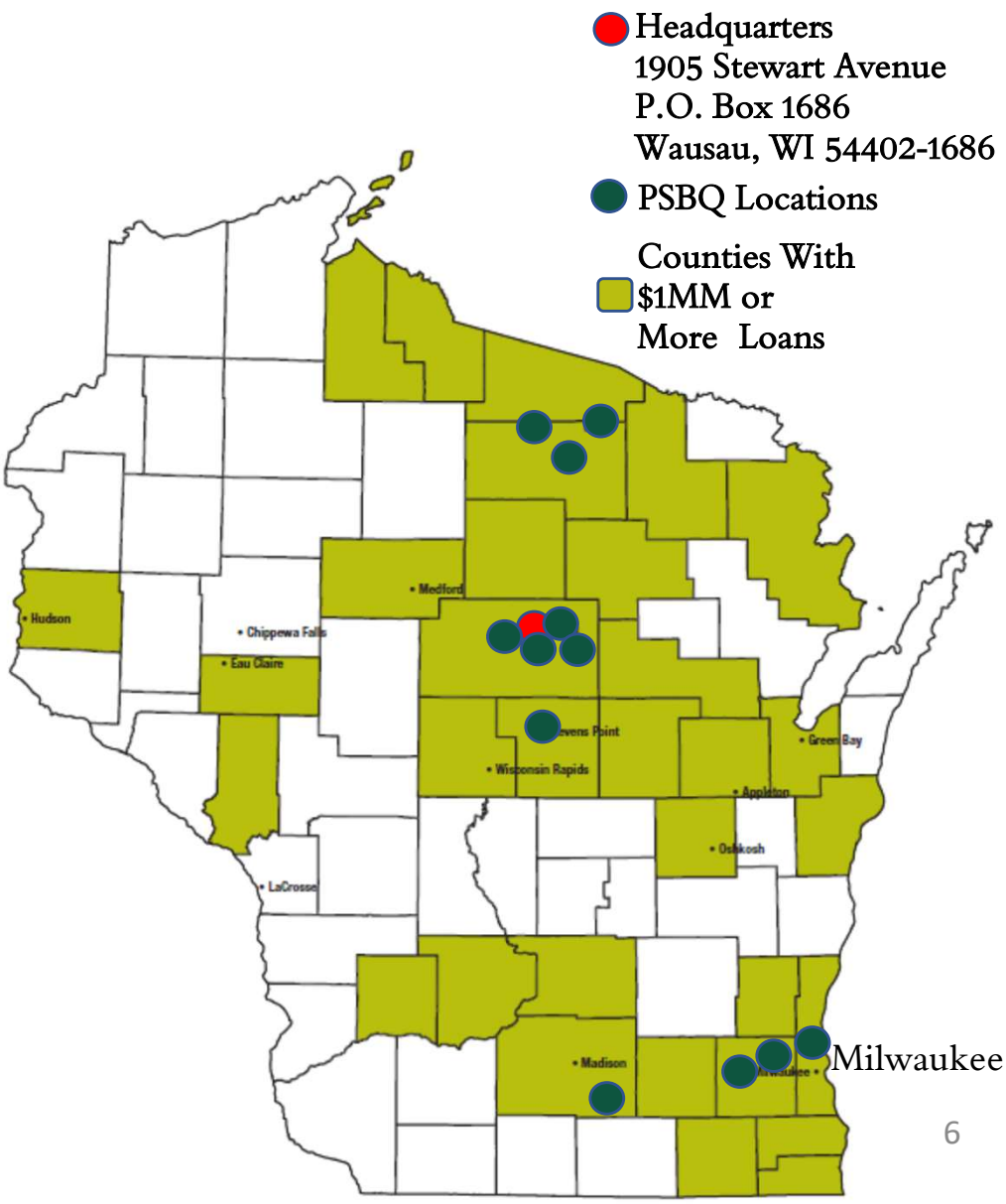
Strategic Focus

- Continue building full banking relationships with current and prospective business customers in Wisconsin
- Disciplined acquisition strategy: Explore new LPO markets and small bank acquisitions
- 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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Opportunities

More Economic Upside than Downside.

Economic Risks Already Imbedded in Current Stock Price:

1. **Interest rates** are expected to decline, which would lower the amount of unrealized security losses and move net book value per share higher.
2. **Net interest margin** is expected to increase quarter to quarter during 2024 as the pace of loans repricing to current interest rates better matches with increases in deposit funding costs.
3. **Credit and charge-off costs** are expected to remain better than industry due to conservative underwriting practices and very little exposure in commercial office buildings.
4. **Customer loan demand** remains better than expected, with stronger lender pricing power across our markets.
5. In addition to OTCQX market makers, the Company maintains a consistent share **buyback program** to provide liquidity for shareholder stock sales.

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Northcentral Wisconsin Employment Base

Industry	Marathon	Oneida	Vilas	Total	% of Total	All of WI
All Industries	69,570	15,761	7,889	93,220	100.00%	100.00%
Manufacturing	18,339	1,670	458	20,467	21.96%	16.00%
Trade, Transportation, Utilities	13,322	3,903	1,720	18,945	20.32%	19.00%
Education & Health Sevices	14,114	3,794	969	18,877	20.25%	23.00%
Leisure & Hospitality	5,508	2,117	2,416	10,041	10.77%	9.00%
Professional and Business Service	5,628	940	497	7,065	7.58%	11.00%
Financial Activities	5,136	506	354	5,996	6.43%	5.00%
Construction	2,649	828	611	4,088	4.39%	4.00%
Public Adminstration	1,918	1,014	540	3,472	3.72%	6.00%
Other Services	1,383	572	191	2,146	2.30%	5.00%
Natural Resources & Mining	1,110	171	49	1,330	1.43%	1.00%
Information	463	246	84	793	0.85%	1.00%

Source: Job Center of Wisconsin. Data as of 2021.

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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 improving in an uncertain economic environment.
- Deposit base stability and depth (strong liquidity).
- Operating expense/average assets ratio outperforming our peers (LTM 2.21% for PSBQ vs 2.48% for $1B-$3B publicly traded peers).
- Significant organic loan growth and continued expansion into new markets.

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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 the "Best Bank in Marathon County" (Peoples State Bank legacy market) by readers of the Wausau Daily Herald for the past 13 years. Along with Best Bank, Peoples was voted the Top Financial Planning Services, Top Mortgage Lending Company, and the Top Place to Work in Marathon County.
- **In Milwaukee County**, Peoples State Bank placed in the Top 3 for the same categories.
- **Employee focused** – American Banker Magazine voted "Best Bank to Work For" by its staff for the past 5 years.

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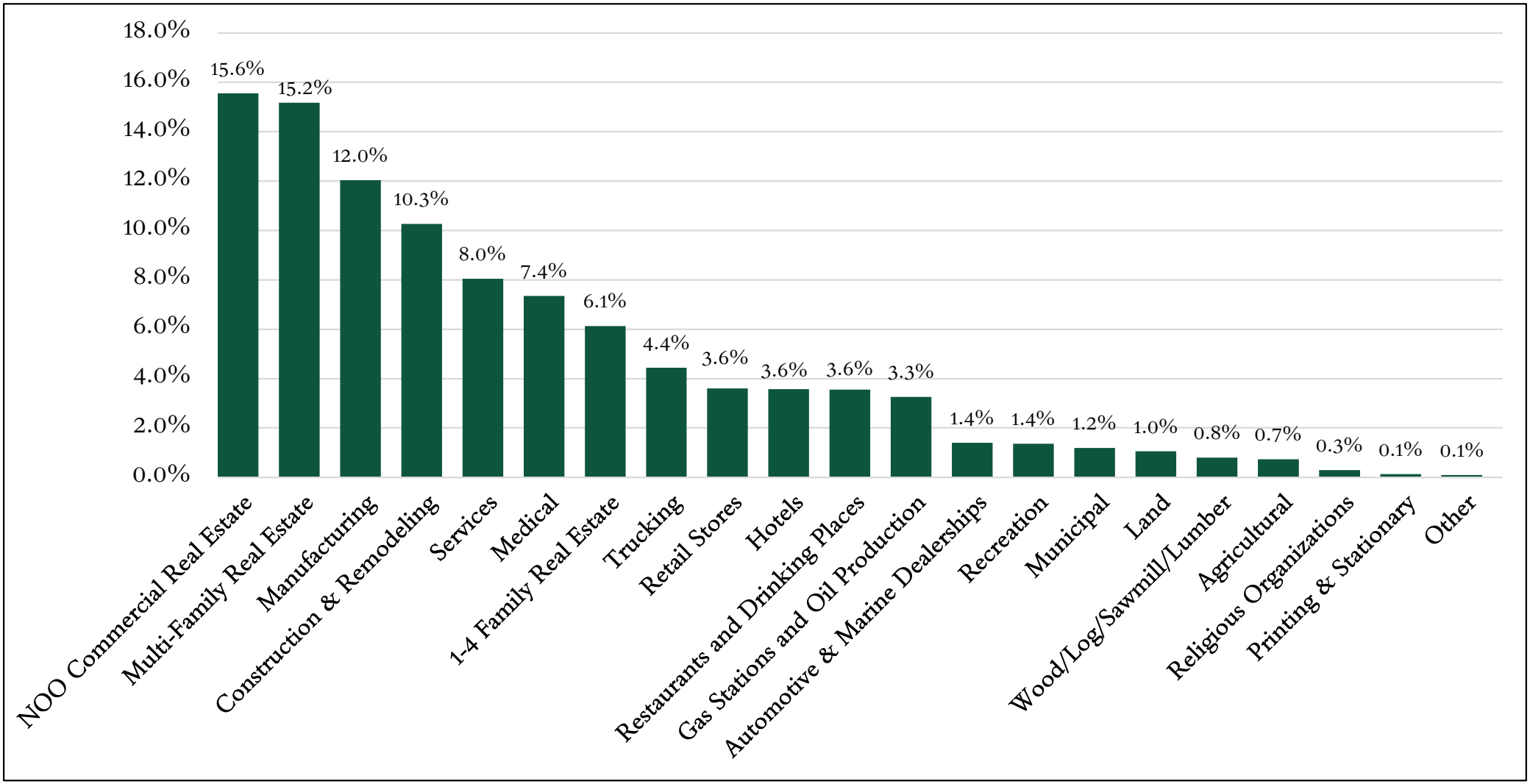
Industries Served



As of 06/30/24

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Opportunities and Challenges

Opportunities

- Strengthen capital through better earnings 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.

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Financial Trends

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Key Data at a Glance

(Dollars in Thousands)	2019	2020	2021	2022	2023	2024 Q2YTD
Total Assets	$974,893	$1,131,955	$1,298,711	$1,337,689	$1,424,100	$1,485,639
Total Loans	$708,196	$821,910	$879,398	$961,865	$1,078,705	$1,077,112
Total Deposits	$781,790	$932,137	$1,105,240	$1,148,755	$1,141,802	$1,152,321
Tangible Common Equity	$92,567	$104,312	$108,187	$91,819	$99,273	$101,377
ROAA	1.22%	1.01%	1.03%	1.05%	0.69%	0.59%
ROATCE	12.79%	10.85%	11.94%	14.08%	9.65%	7.97%
Efficiency Ratio	59.11%	54.17%	61.95%	61.41%	66.16%	75.58%
NPA/Assets	0.55%	0.90%	1.06%	0.48%	0.42%	0.84%
NCO/Avg Loans	0.02%	0.21%	-0.04%	-0.01%	-0.02%	0.00%
EPS (LTM)	$2.51	$2.40	$2.88	$3.07	$2.16	$1.79
Tangible Common Book Value Per Share	$20.72	$23.43	$24.36	$21.37	$23.84	$24.55
Annualized Dividends Per Share	$0.40	$0.42	$0.46	$0.50	$0.60	$0.64
Price Per Share	$28.00	$20.57	$26.05	$21.90	$22.11	$20.40
Market Capitalization ($000)	$125,082	$91,583	$115,670	$94,110	$92,082	$84,236
Price/LTM EPS	11.1x	8.6x	9.0x	7.1x	10.2x	11.4x
Price/Tangible Book	135.1%	87.8%	106.9%	102.5%	92.7%	83.1%
Dividend Yield	1.43%	2.04%	1.75%	2.28%	2.71%	3.14%

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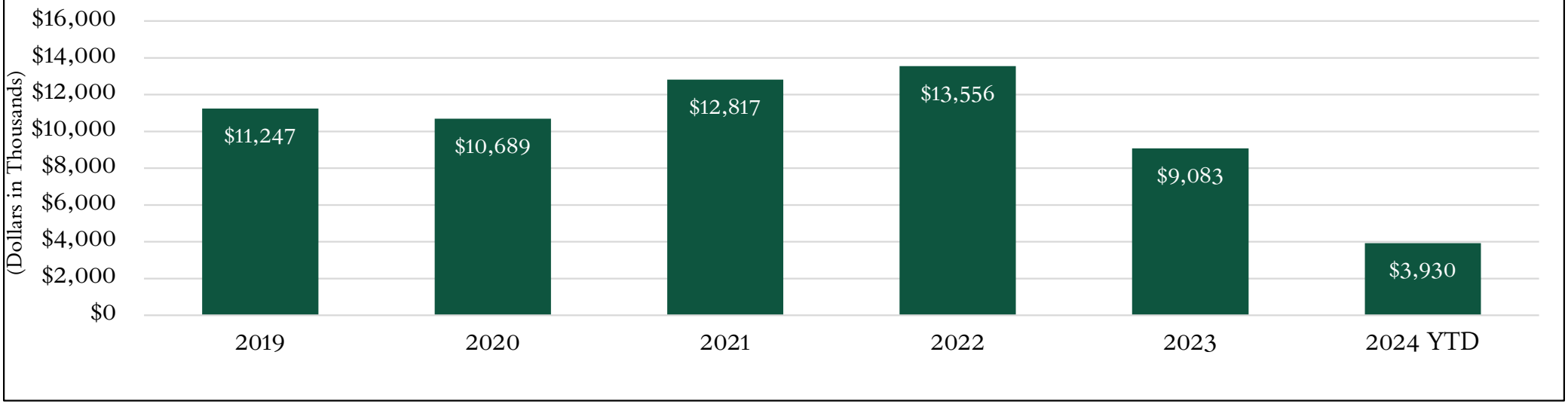
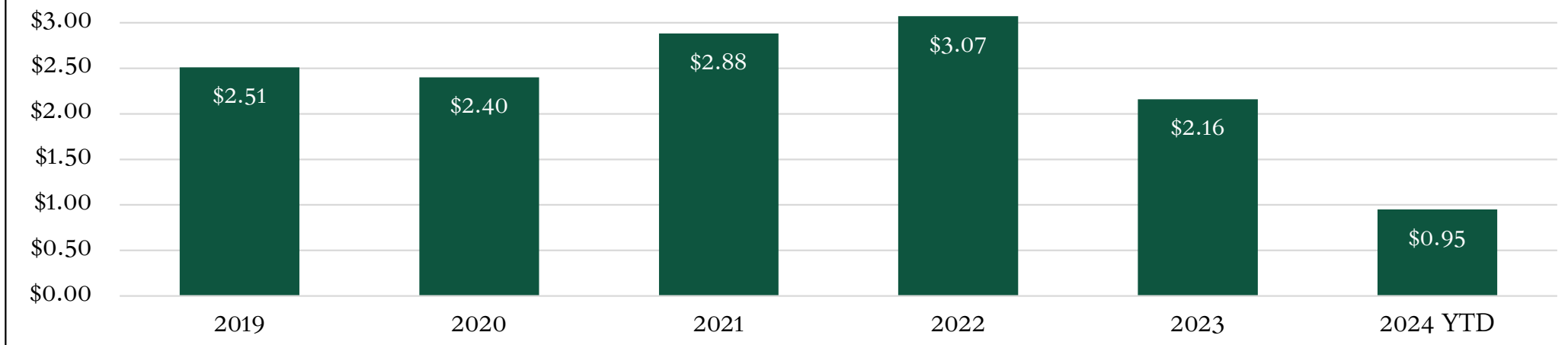
Net Income Trends

Net Income to Common Shareholders



Diluted EPS per Common Share



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New Wisconsin Tax Law in 2023

- 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. The statutory tax rate will be reduced from 27.4% to 21.0%.

- In 2023, the impact to PSBQ's net income was a reduction of net income of $1.6 million 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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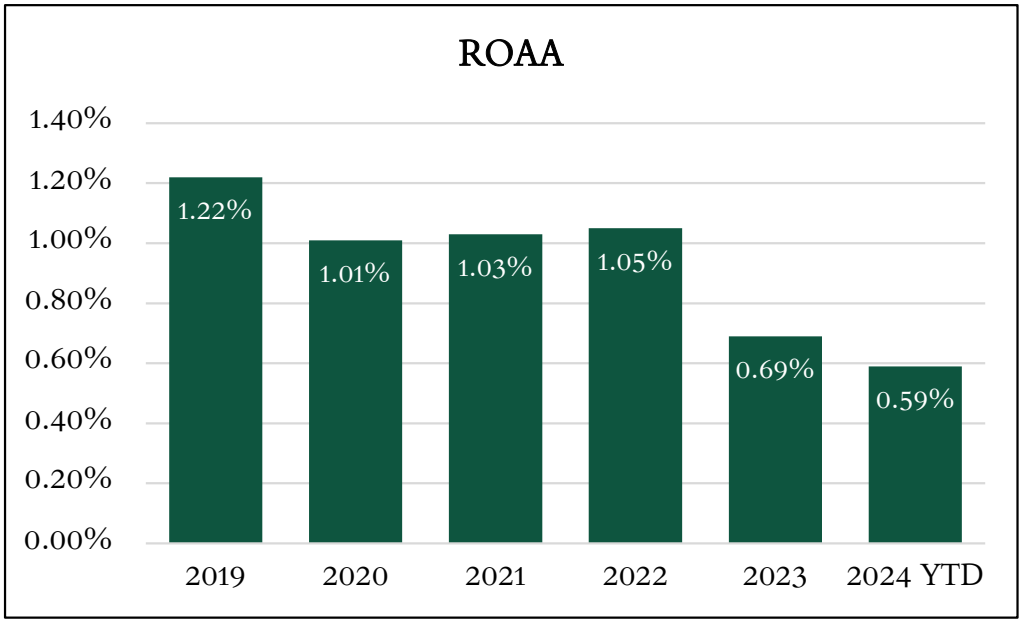
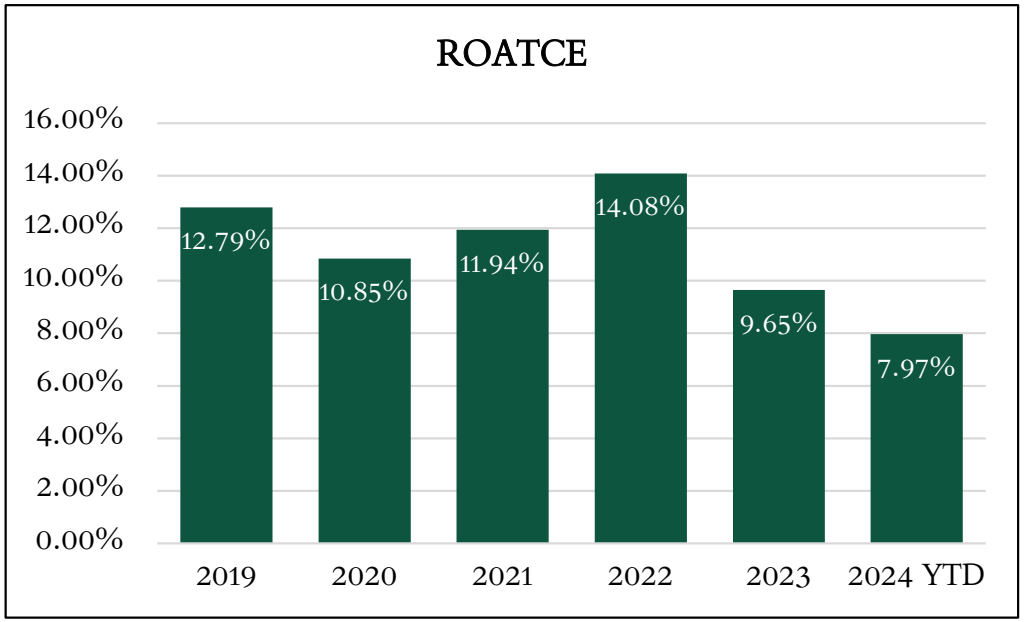
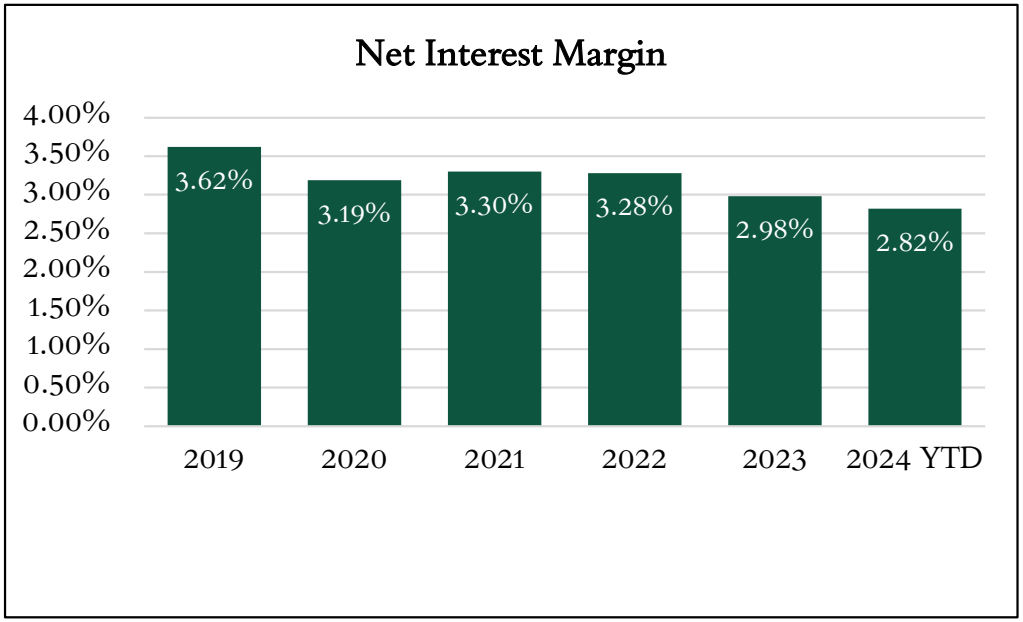
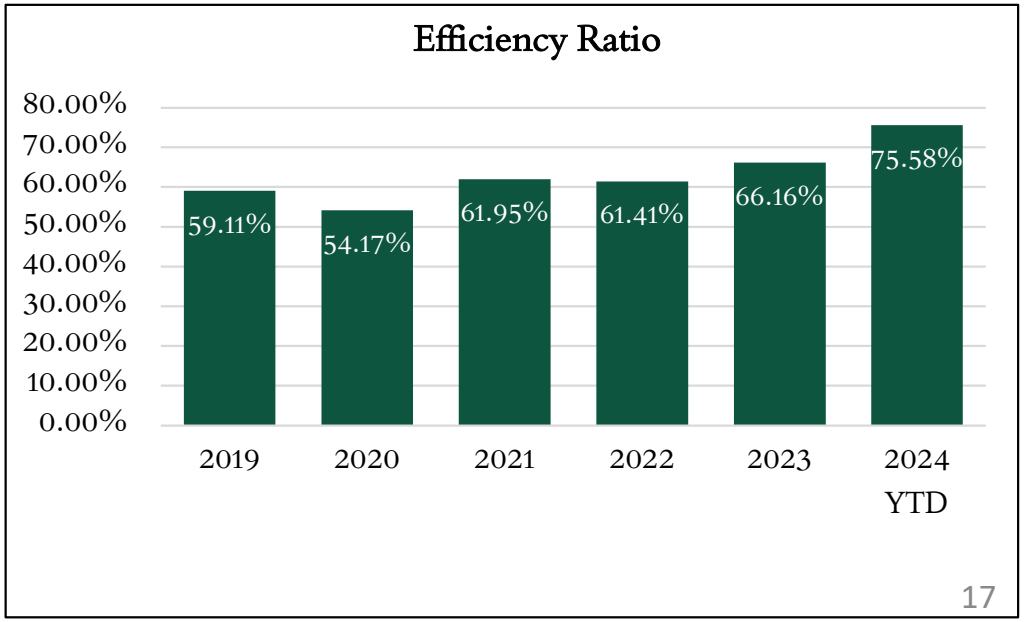
Earnings Trends









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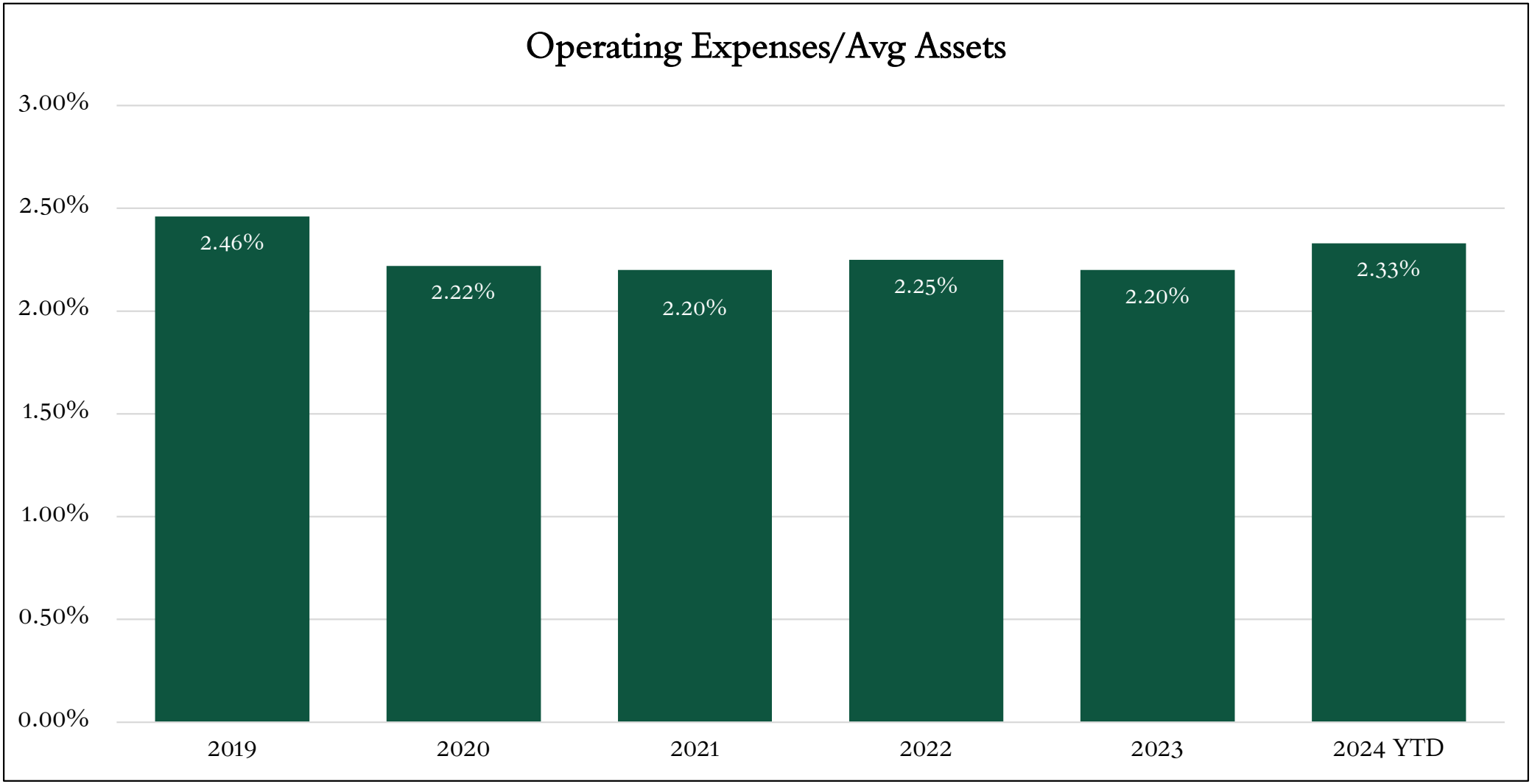
Operating Expense Trends



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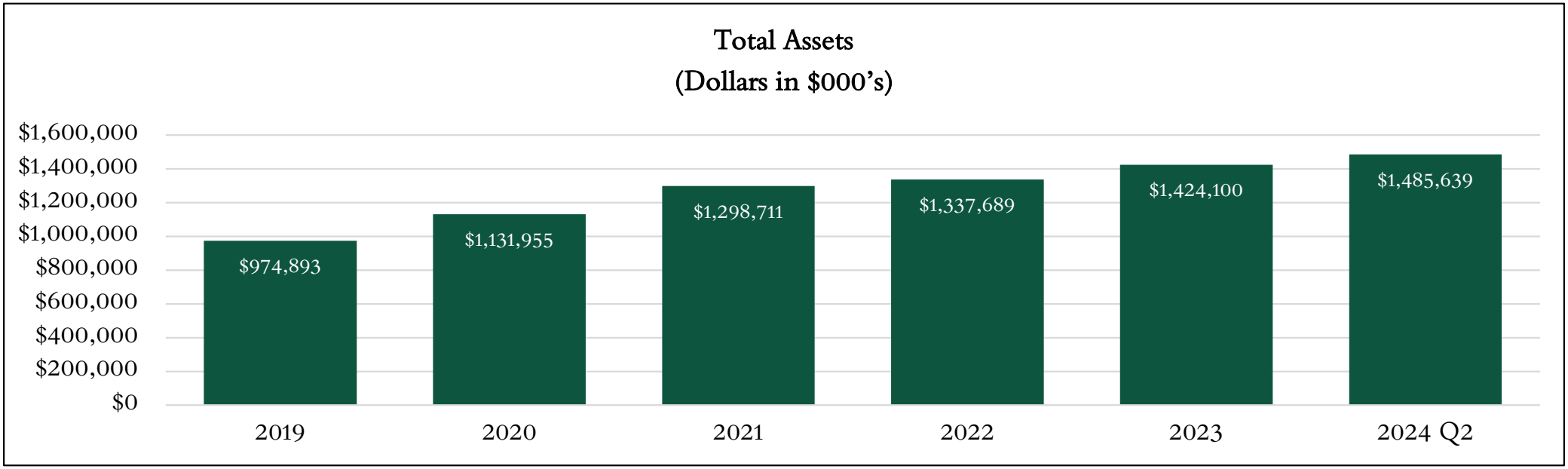
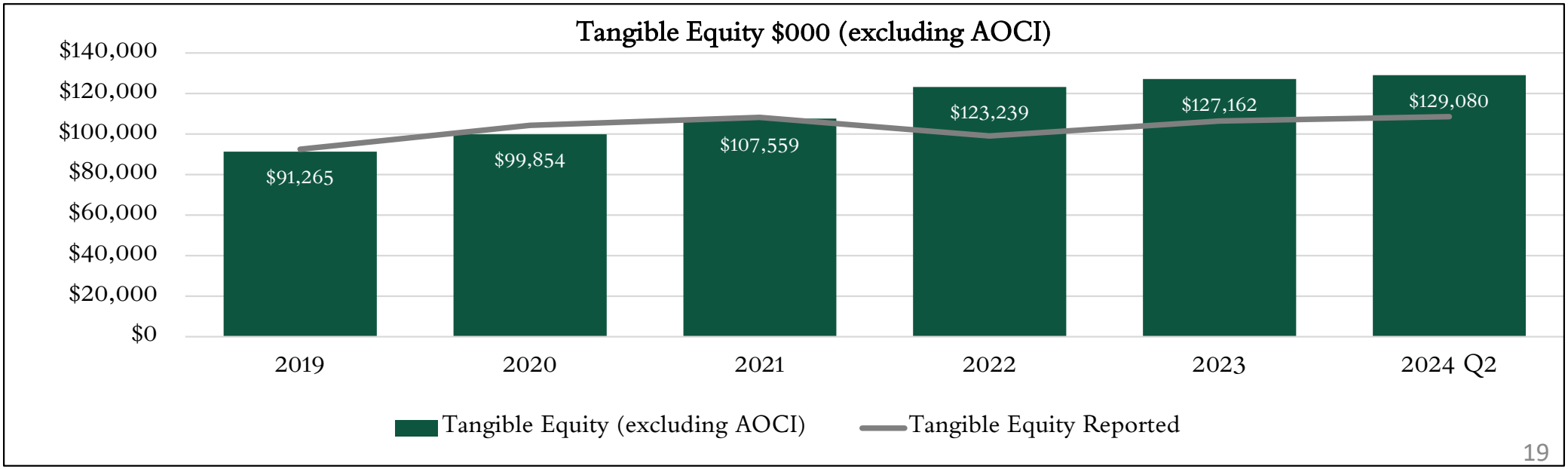
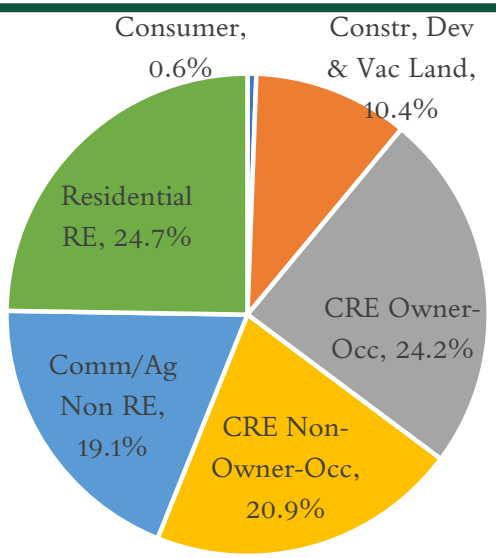
Balance Sheet Trends





Loan Portfolio



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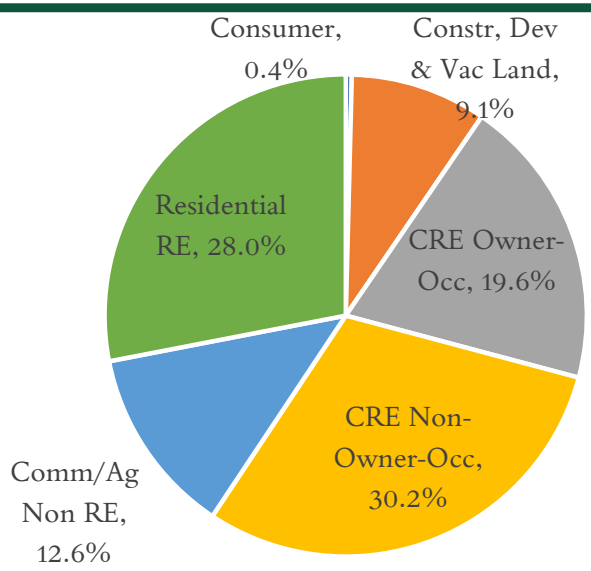

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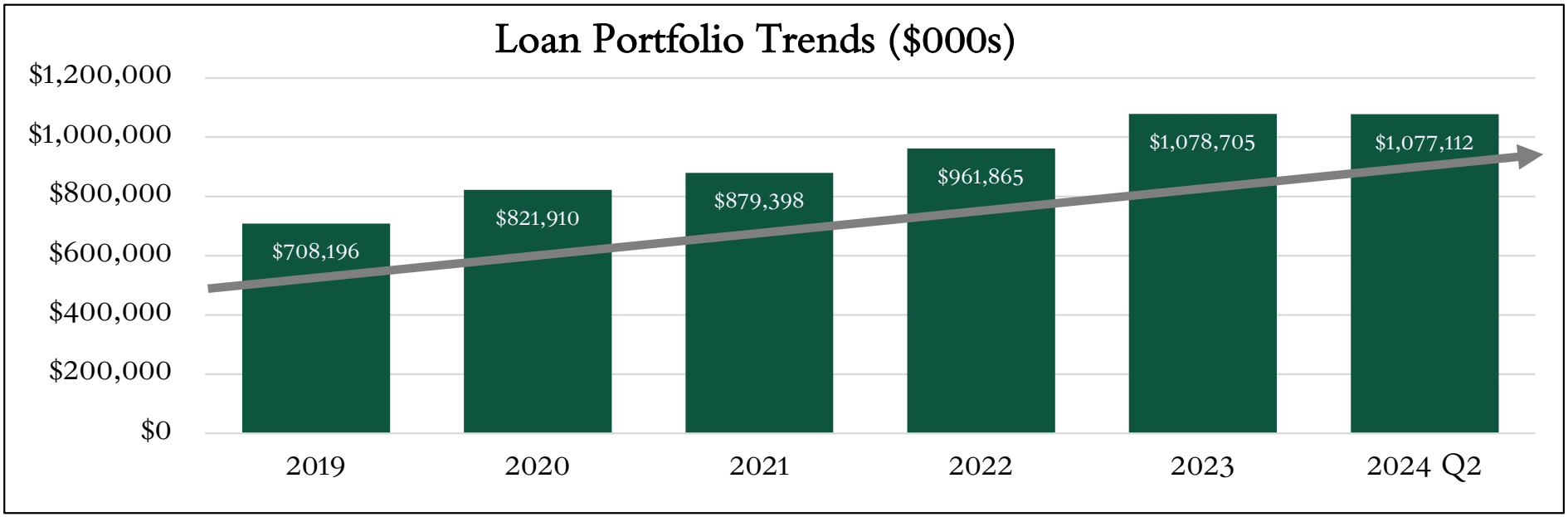

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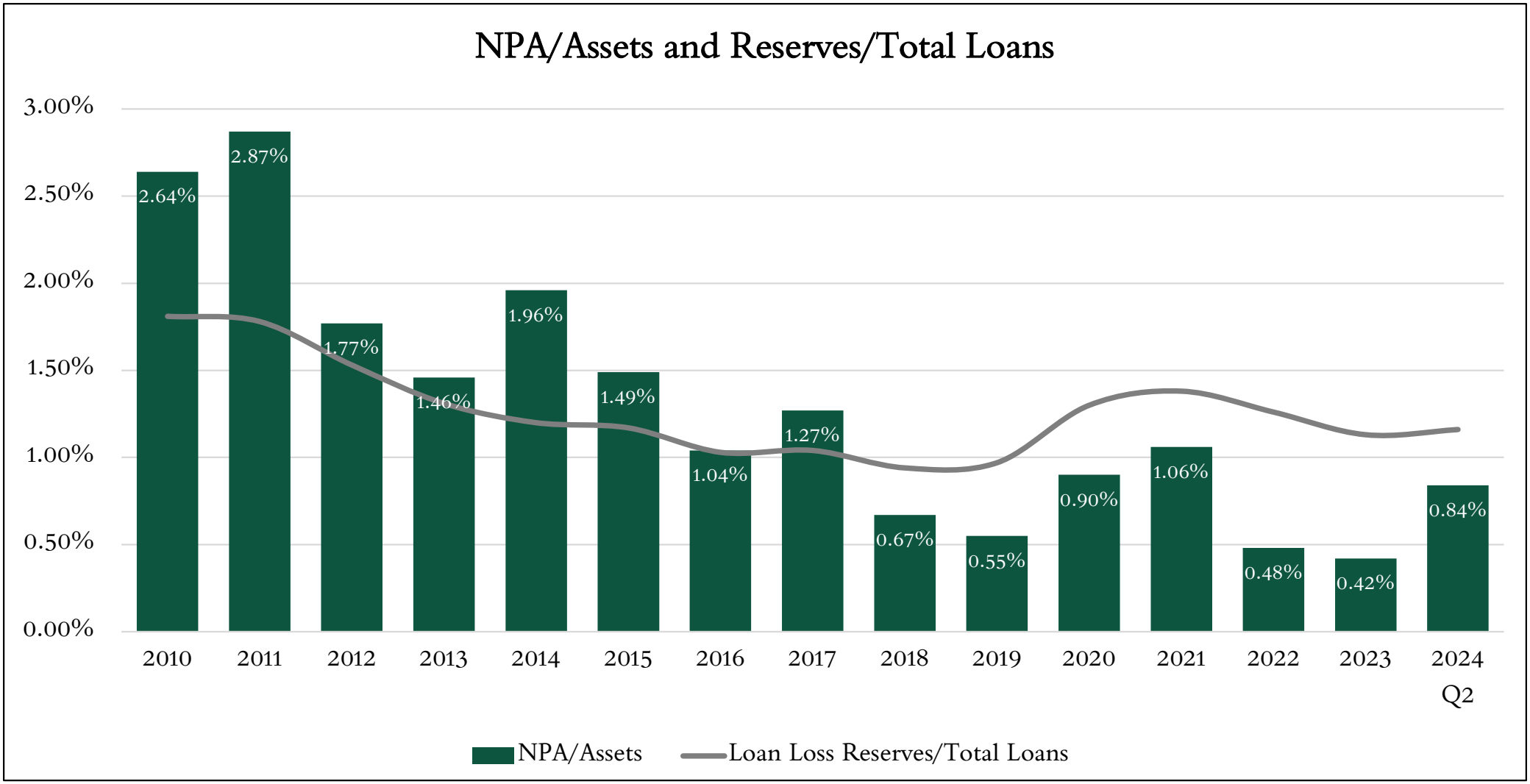
Asset Quality Trends



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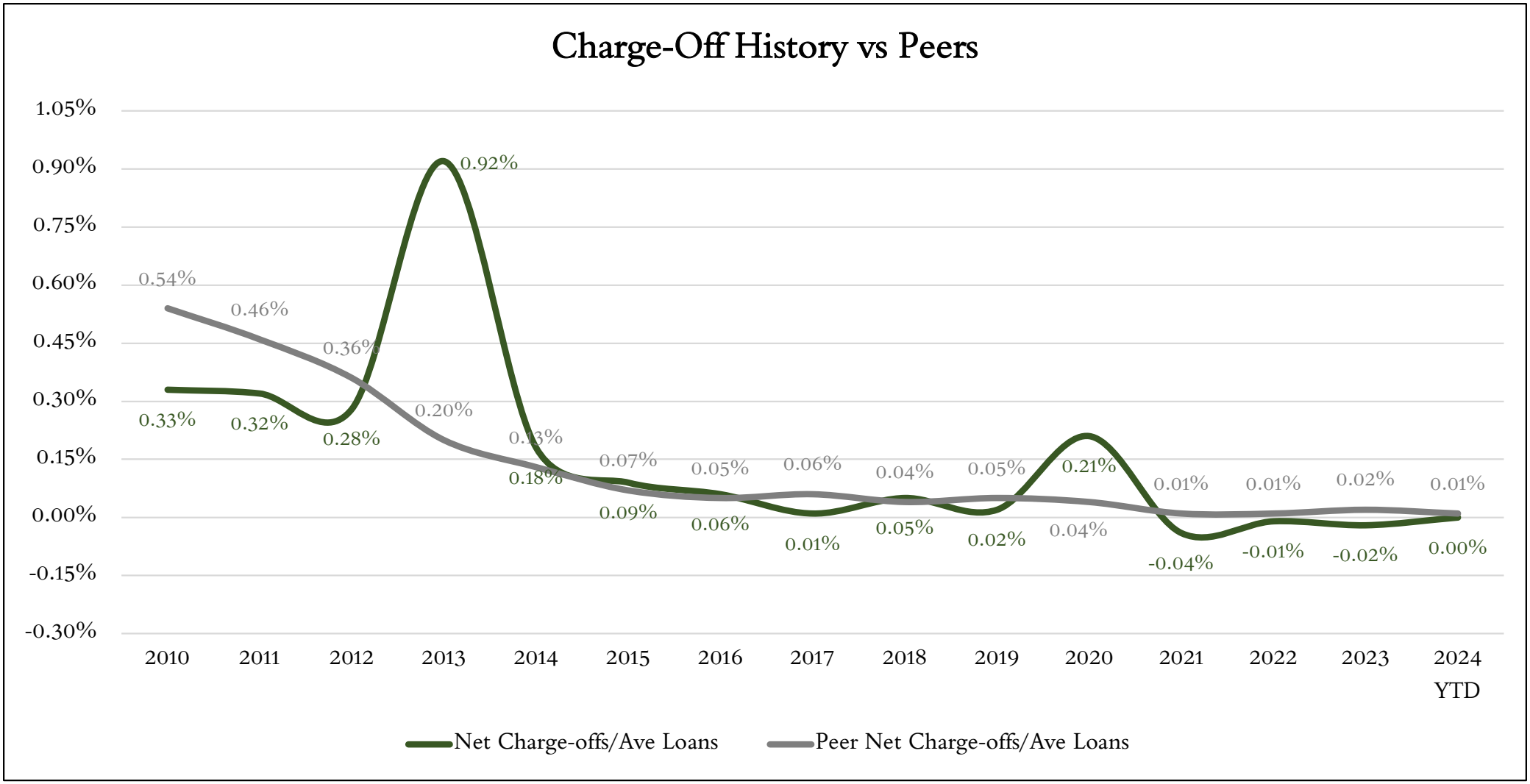
Charge-Off History



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $3.0 billion at 06/30/24

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Asset Quality Trends



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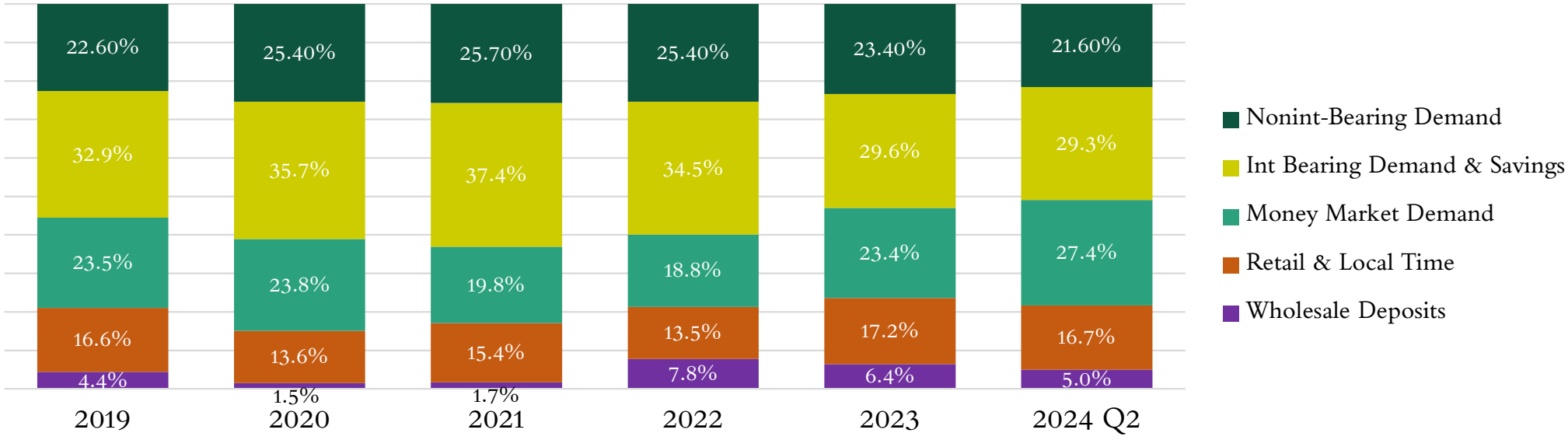
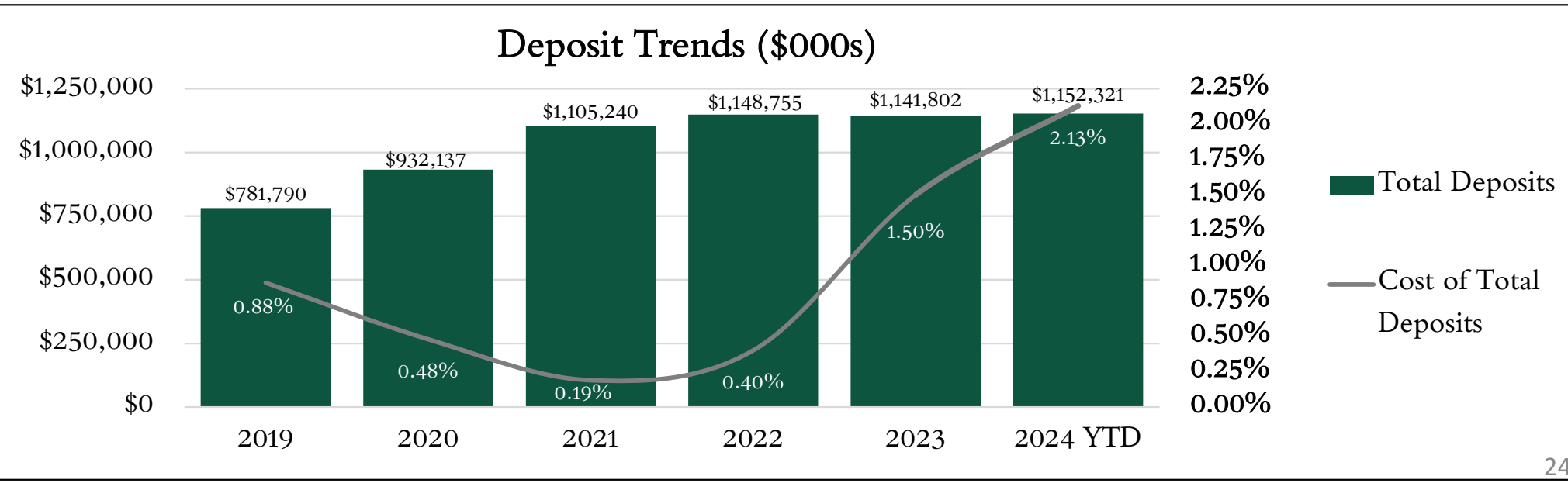
Deposit Portfolio





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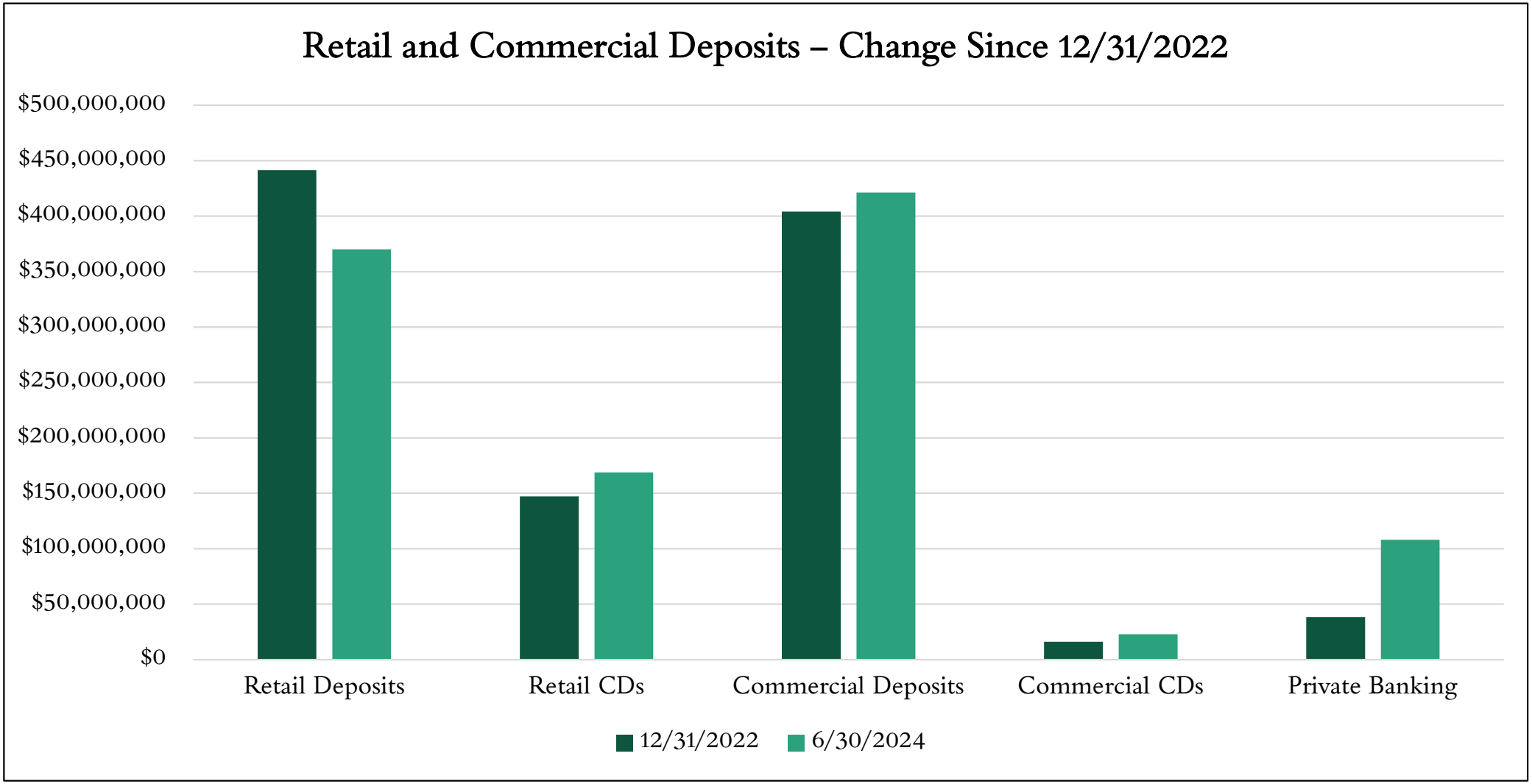
Core Deposit Changes



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Available Liquidity

Liquidity Review	Utilized 06/30/2024	% of Assets	Authorized Available	Excess 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%	24,340,000	24,340,000
FHLB Advances & Retail Repos	190,674,599	14.0%	475,000,000	284,325,401
Brokered CDs/Lines of Credit/CDARs/ICS	97,063,553	7.1%	425,000,000	327,936,447
Holding Company	-	0.0%	10,000,000	10,000,000
Total	$ 287,738,151		$ 967,340,000	$ 679,601,849

* Availability not guaranteed

Funds are limited to 35% of total assets

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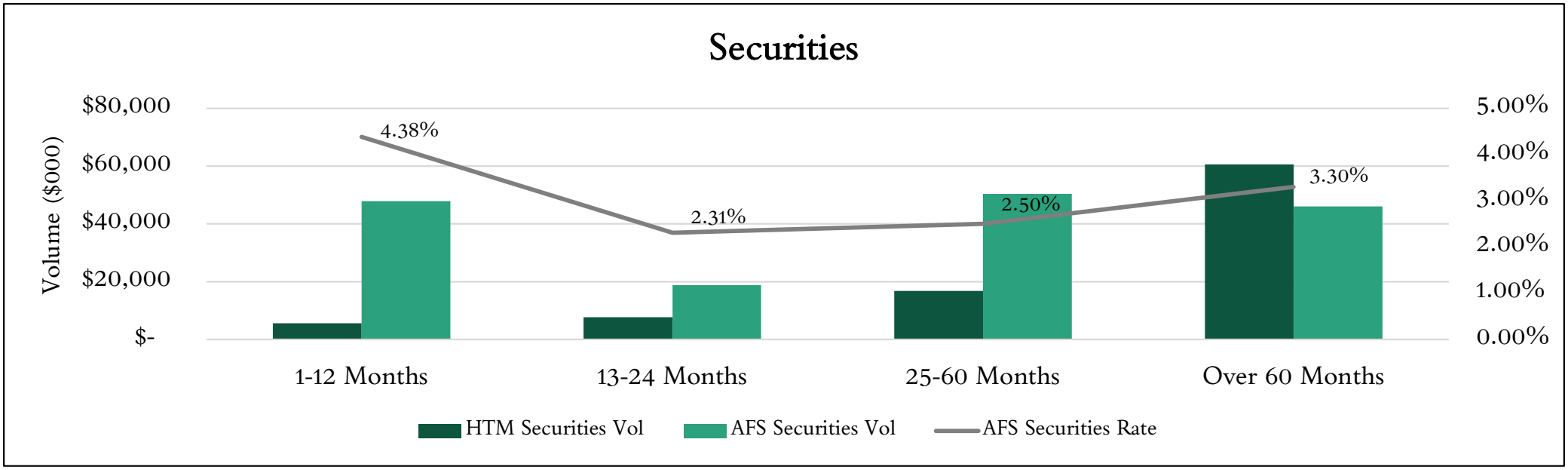
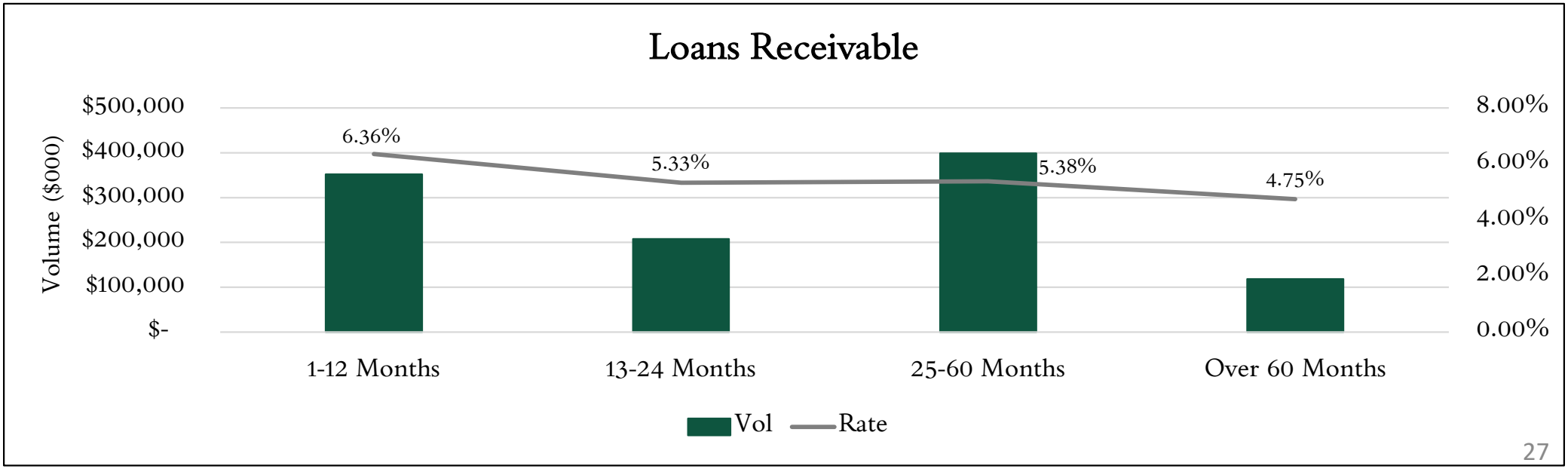
Asset Repricing Base Case at 6/30/24





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Shareholder Focus

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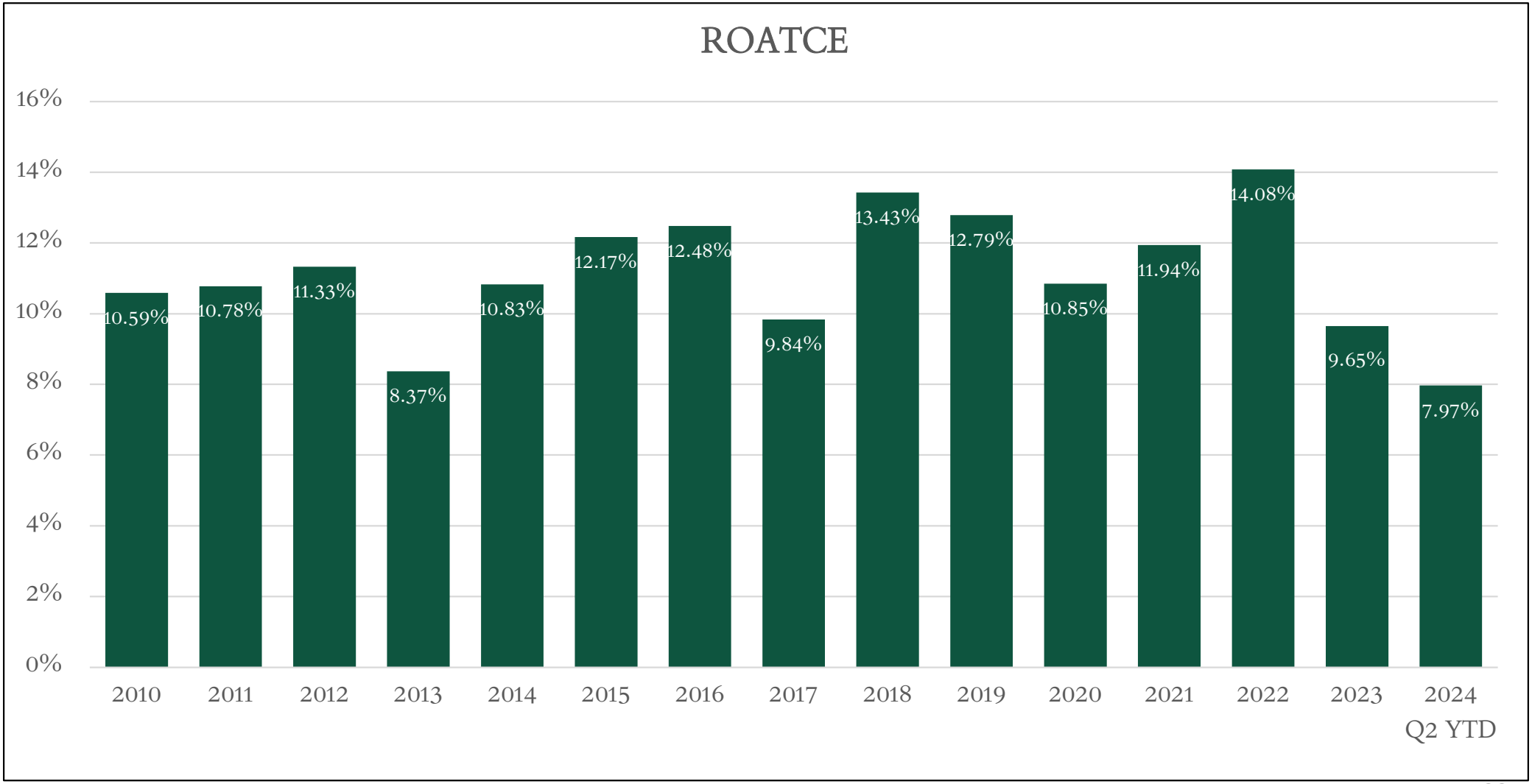
History of Strong Returns

History of Returns



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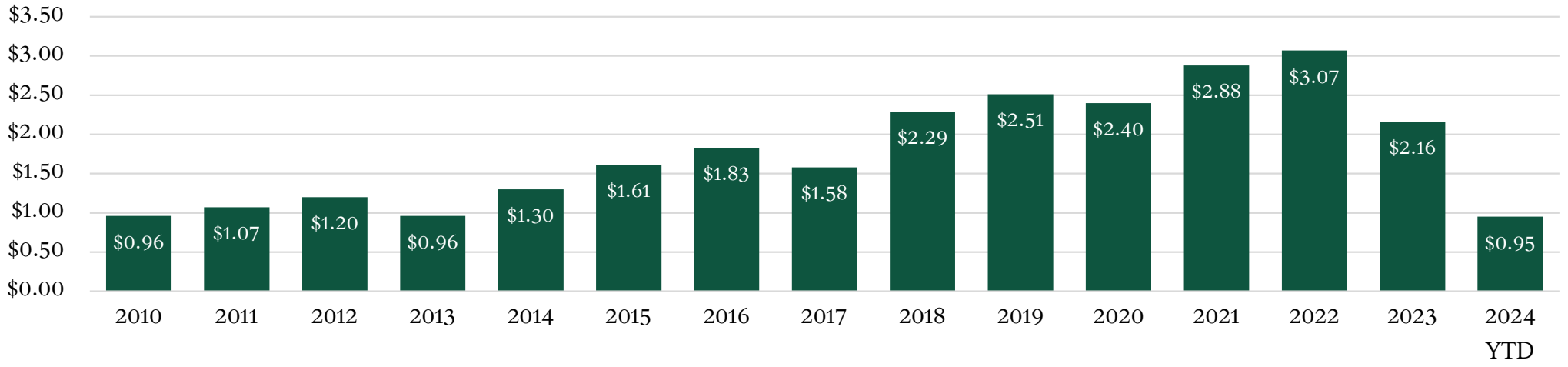
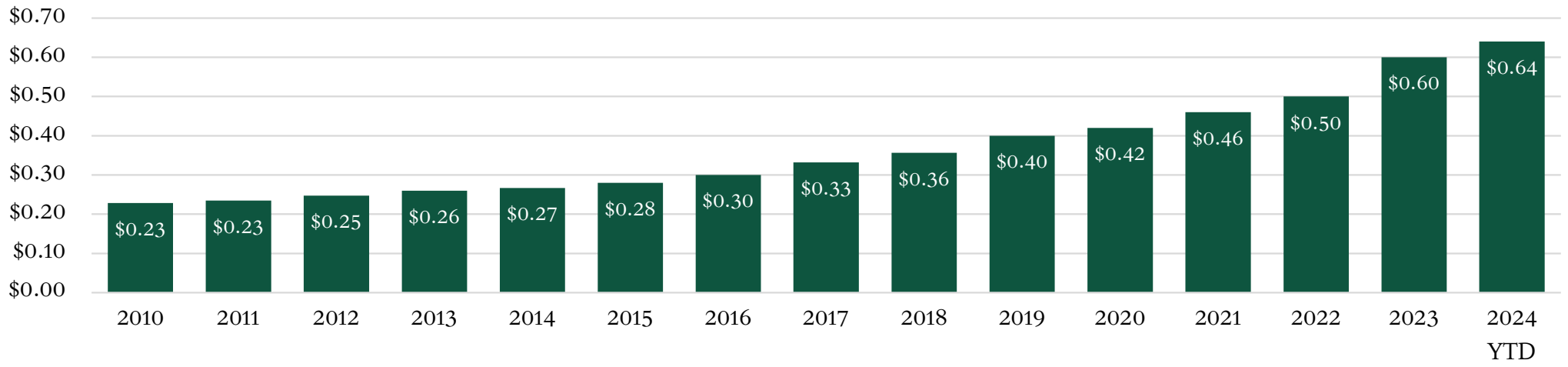
Per Share Trends

Diluted EPS



Annualized Dividend Per Share



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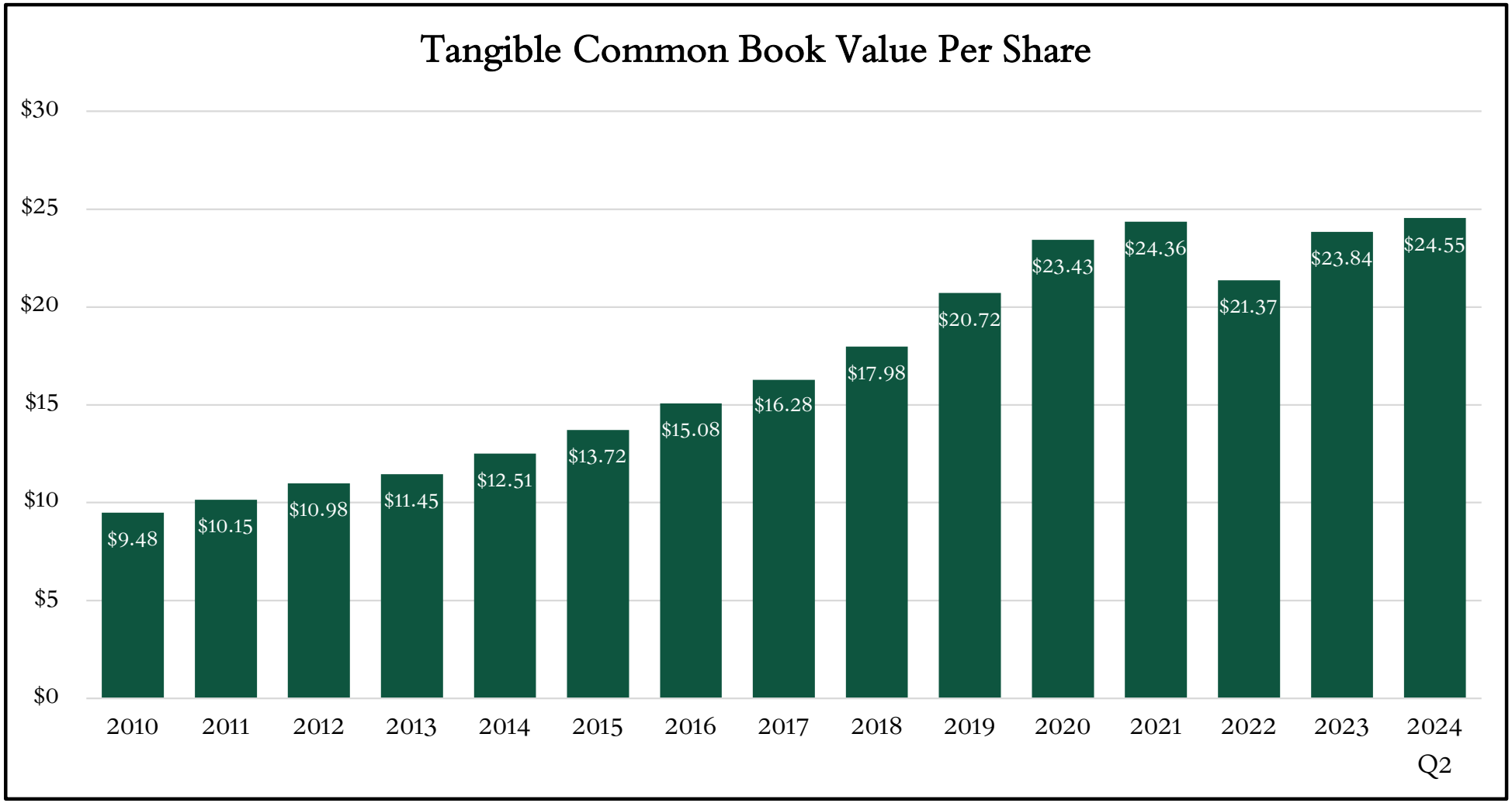
Per Share Trends



AOCI Impact	$0.51	$0.39	$0.28	($0.07)	($0.13)	($0.02)	($0.16)	($0.15)	($0.37)	$0.29	$1.00	$0.14	($5.64)	($4.97)	($4.97)

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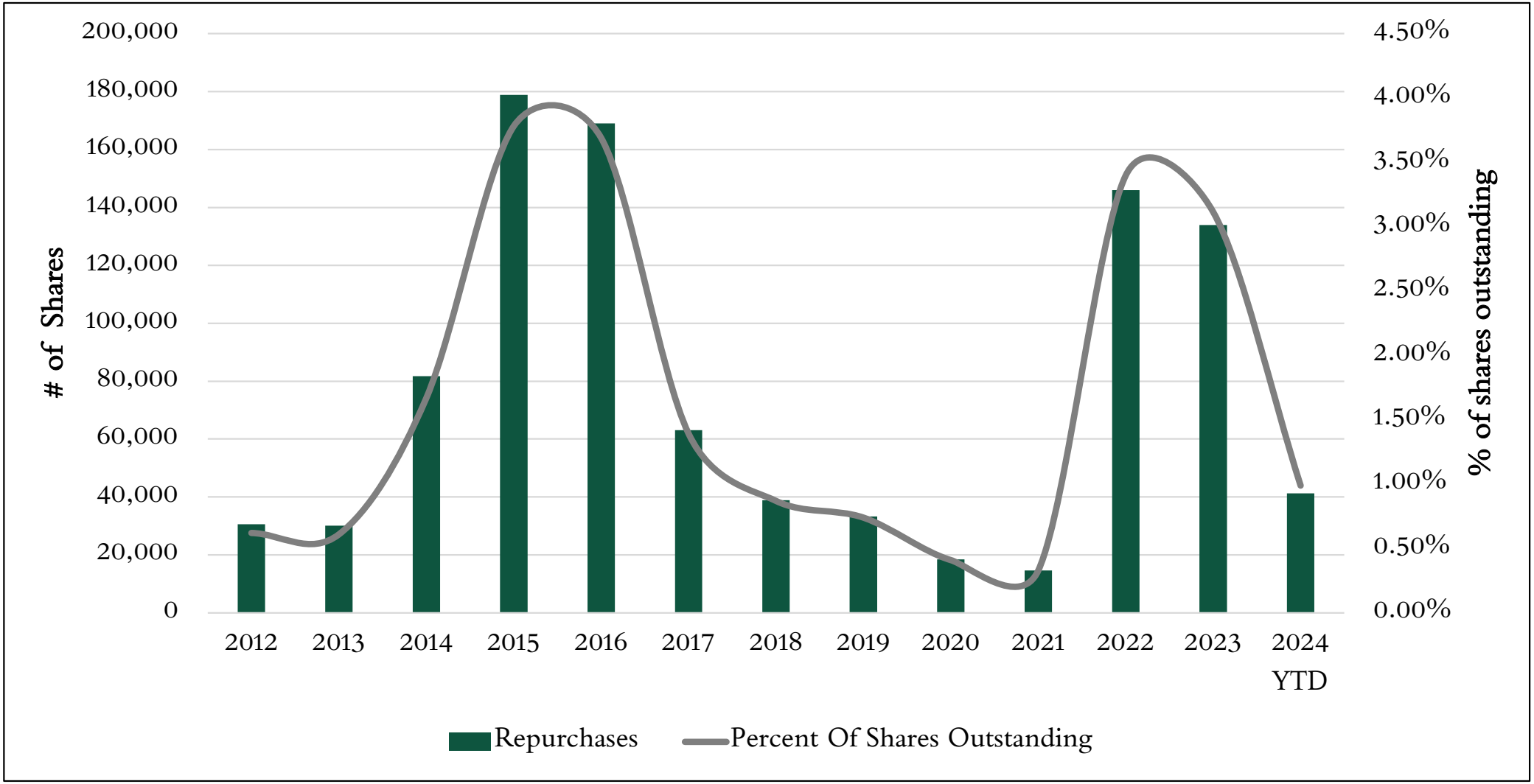
Capital Management Strategies

Actively Support Liquidity with Stock Repurchases



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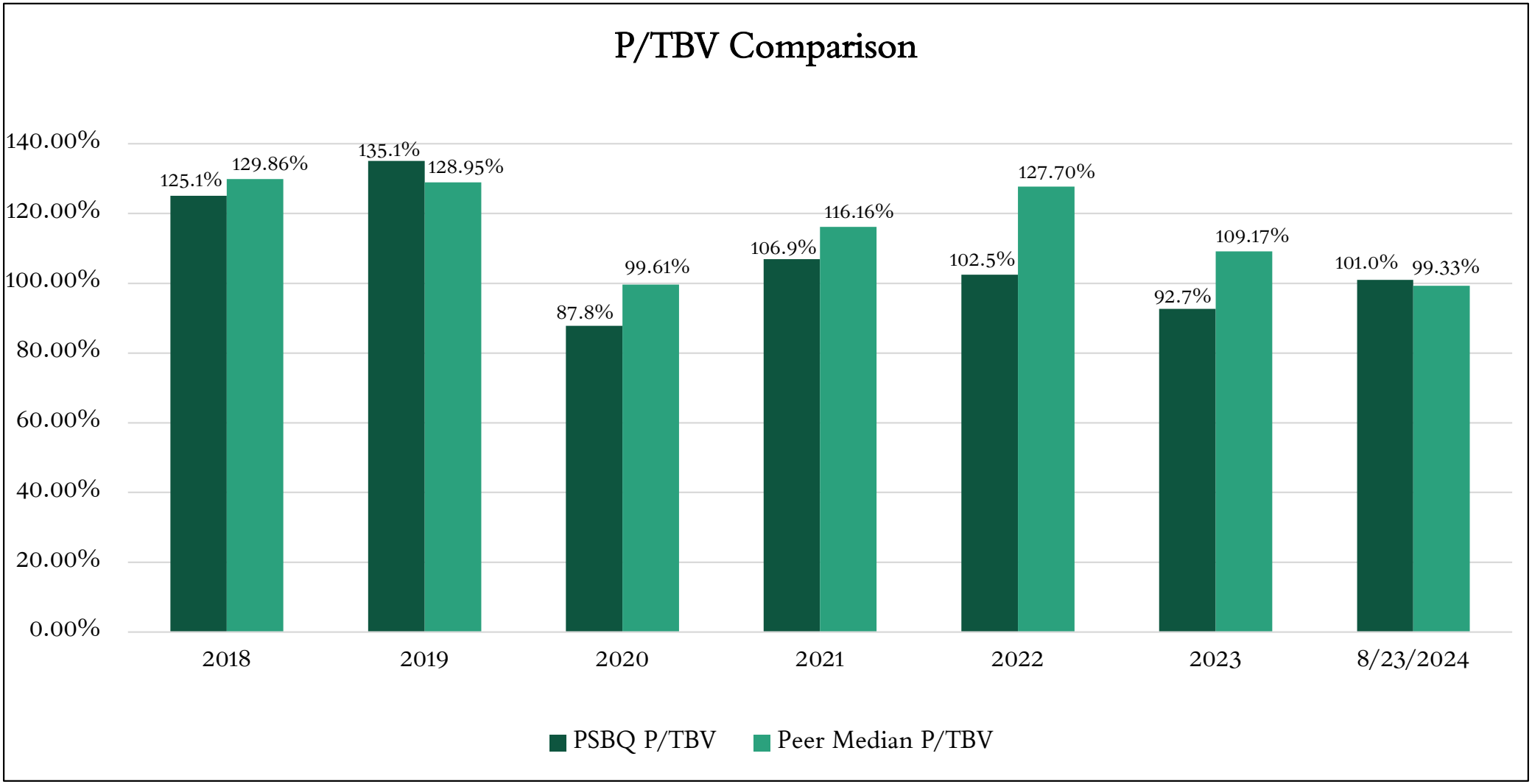
P/TBV Comparison



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $3.0 billion at 06/30/24

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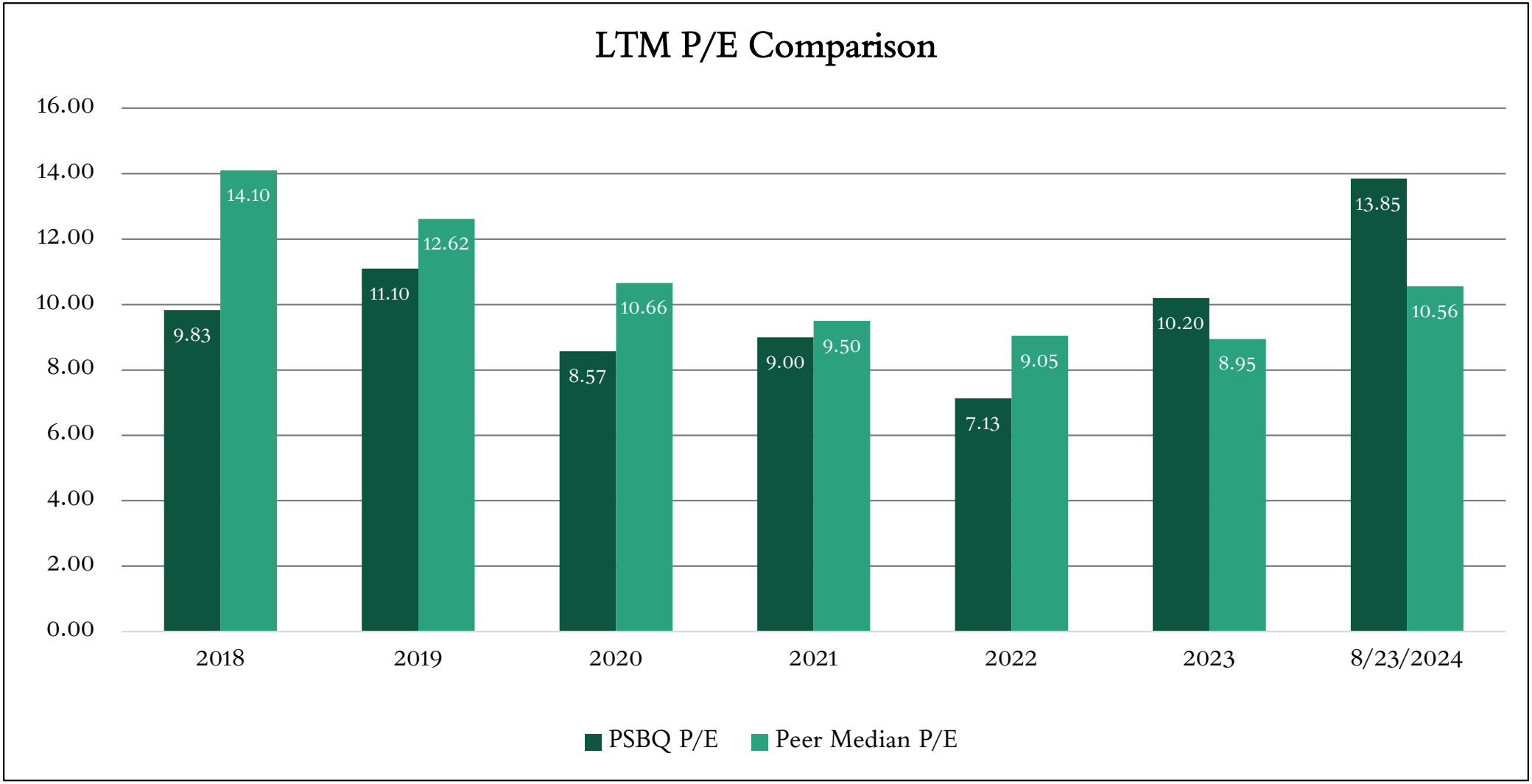
P/E Comparison



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $3.0 billion at 06/30/24

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Investment Appeal

- ✓ Current price discounted to growth, asset and earnings quality.
- ✓ 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 and what level of investment?
- ✓ 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?