PSB HOLDINGS, INC.

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DA Davidson Virtual Bison Select Conference

December 4, 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, a director of the NTC Foundation, and a member of the Bridge Street Mission fundraising committee. 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 Rajek is Senior Vice President and Commercial Group Leader of PSB Holdings, Inc. In September 2024, Mr. Rajek was appointed leader of the PSB commercial banking team for loan origination and treasury management services. He joined Peoples in 2022 as Chief Credit Officer and built the bank's Small Business Administration (SBA) 7a guaranteed commercial loan program. He has more than 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. Mr. Rajek currently serves as a Board Member of Habitat for Humanity of Wausau, Chair of the Finance Committee for The Neighbors Place, and as an Advisory Board Member for WBD Inc.

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 twelve full-service banking locations and one 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, WI to serve the Madison, WI area. During 2023, converted Stevens Point, WI LPO to full-service branch location. In 2021, PSB Holdings, Inc. completed the acquisition of Waukesha Bankshares, Inc., in the western Milwaukee, WI market.

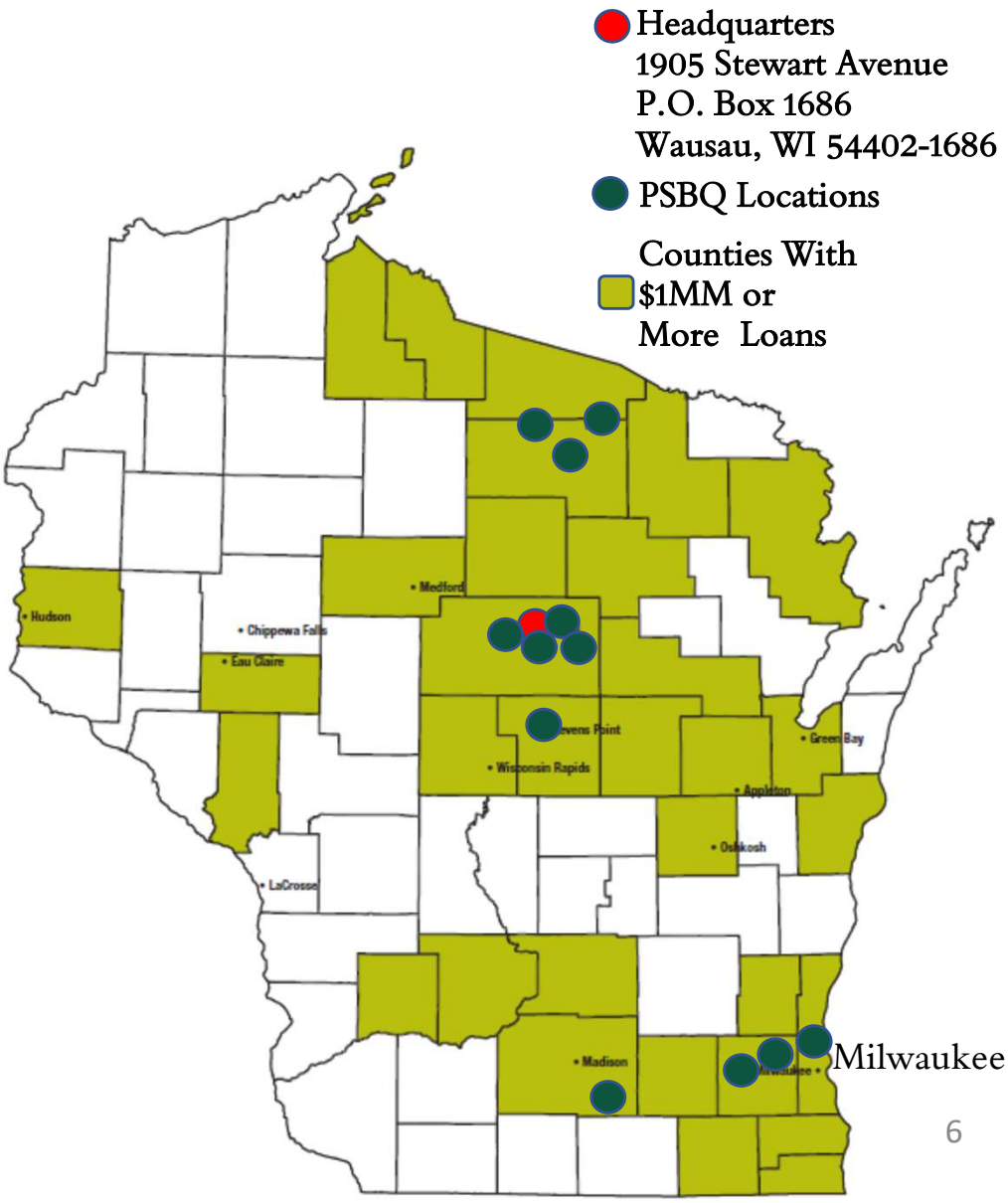
- Ranked #1 in Wisconsin for SBA 504 lending through WBD, Inc in 2021. In 2023 expanded internal SBA 7a program capabilities. PSB was the 3rd largest loan originator in WI during 2023 (504 and 7a programs together).

- 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.

PSB HOLDINGS, INC.

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



PSB HOLDINGS, INC.

Opportunities

More Economic Upside than Downside.

Economic Risks Already Imbedded in Current Stock Price:

1. **Rapid interest rates** increases have slowed, which will lower the amount of volatility in unrealized security losses and enable net book value per share to move higher through strong earnings.
2. **Net interest margin** is expected to increase quarter to quarter during 2024 and 2025 as the pace of loans repricing to current interest rates better matches 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 and agricultural loans.
4. **Customer loan demand** is increasing moving into 2025.
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 2.25% for PSBQ vs a median of 2.45% 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

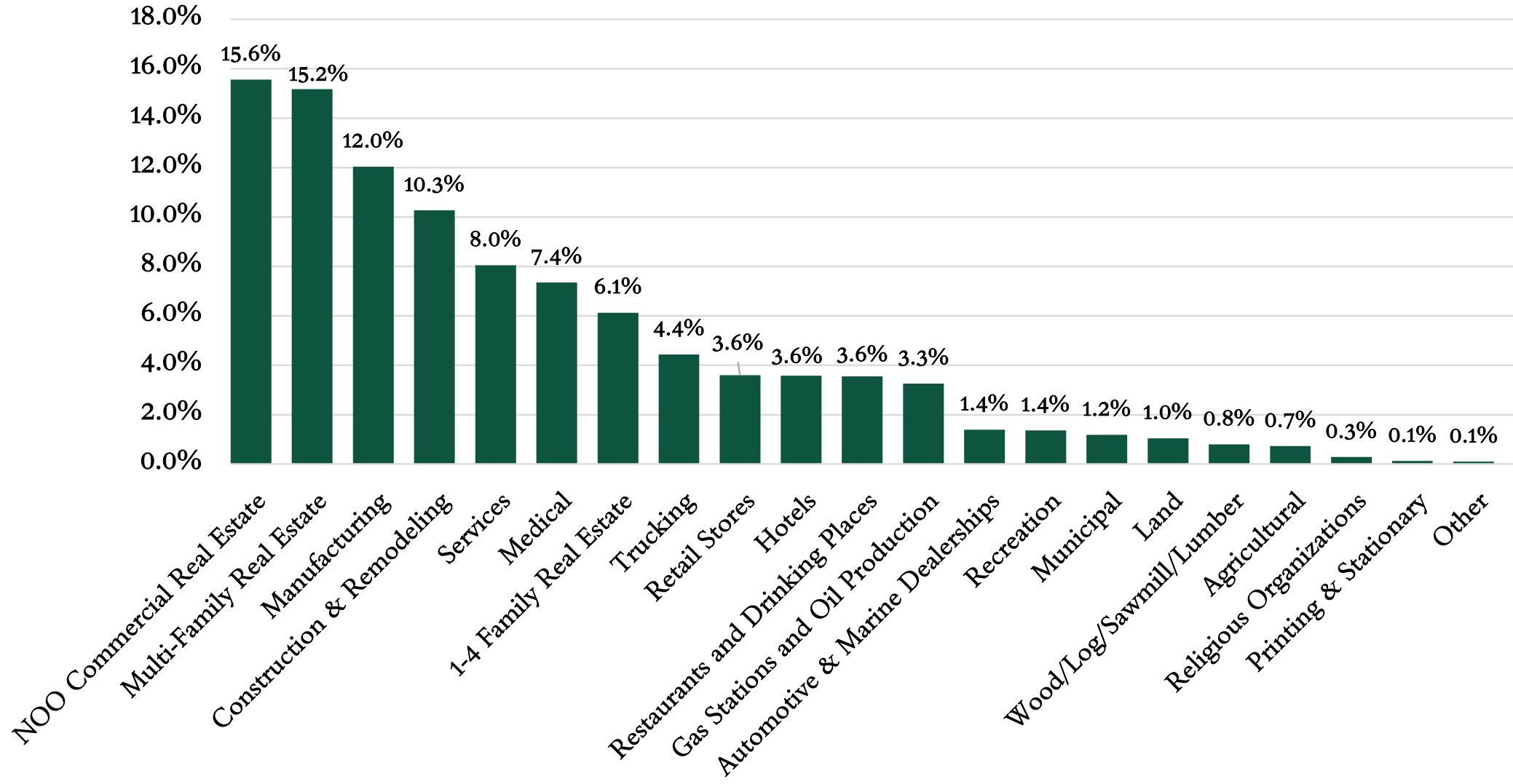
- **Customer focused** – Peoples State Bank voted the "Best Bank in Marathon County" (Peoples State Bank legacy market) by readers of the Wausau Daily Herald for the past 13 years. Along with Best Bank, Peoples was voted the Top Financial Planning Services, Top Mortgage Lending Company, and the Top Place 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 6 years

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Industries Served

(Percentage of total commercial related loan commitments)



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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 an Uncertain Economy
- Deposit Growth to Match Loan Demand

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Financial Trends

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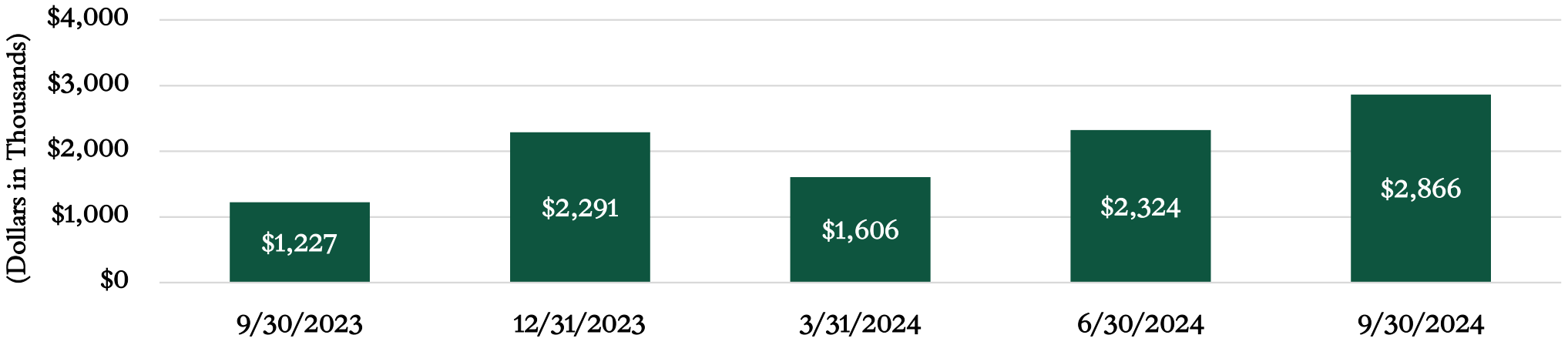
Key Data at a Glance

(Dollars in Thousands)	2019	2020	2021	2022	2023	2024 Q3YTD
Total Assets	$974,893	$1,131,955	$1,298,711	$1,337,689	$1,424,100	$1,475,968
Total Loans	$708,196	$821,910	$879,398	$961,865	$1,078,705	$1,057,974
Total Deposits	$781,790	$932,137	$1,105,240	$1,148,755	$1,141,802	$1,139,113
Tangible Common Equity	$92,567	$104,312	$108,187	$91,819	$99,273	$108,420
ROAA	1.22%	1.01%	1.03%	1.05%	0.69%	0.67%
ROATCE	12.79%	10.85%	11.94%	14.08%	9.65%	9.05%
Net Interest Margin	3.62%	3.19%	3.30%	3.28%	2.98%	2.85%
Efficiency Ratio	59.11%	54.17%	61.95%	61.41%	66.16%	70.80%
NPA/Assets	0.55%	0.90%	1.06%	0.48%	0.42%	0.71%
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	$2.19
Tangible Common Book Value Per Share	$20.72	$23.43	$24.36	$21.37	$23.84	$26.41
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	$26.00
Market Capitalization ($000)	$125,082	$91,583	$115,670	$94,110	$92,082	$108,618
Price/LTM EPS	11.1x	8.6x	9.0x	7.1x	10.2x	11.9x
Price/Tangible Book	135.1%	87.8%	106.9%	102.5%	92.7%	98.5%
Dividend Yield	1.43%	2.04%	1.75%	2.28%	2.71%	2.46%

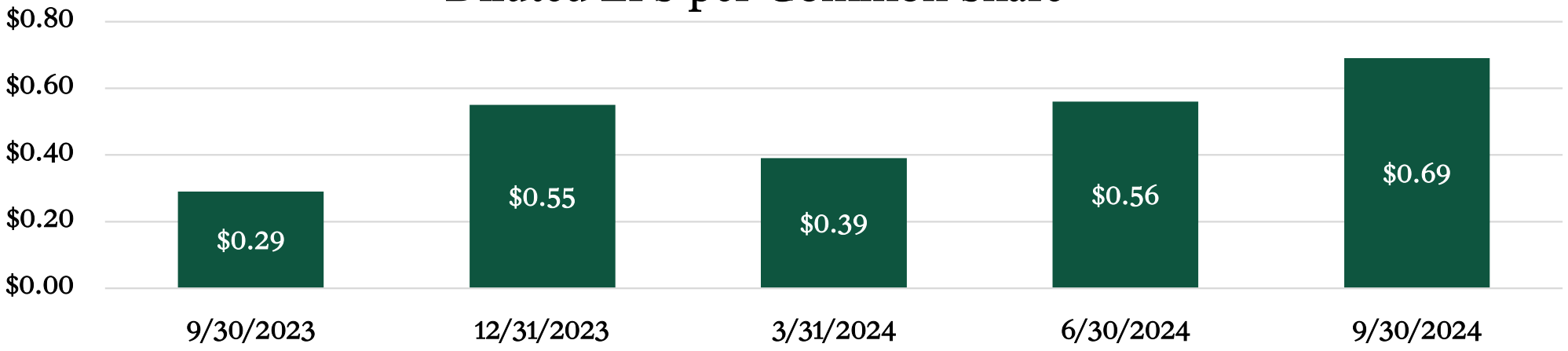
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Quarterly Net Income Trends

Net Income to Common Shareholders



Diluted EPS per Common Share



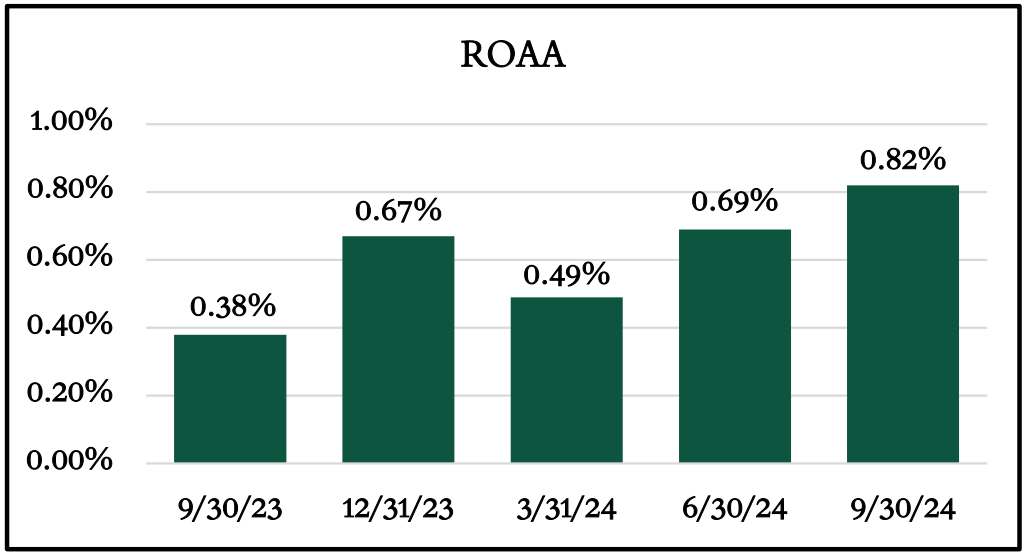
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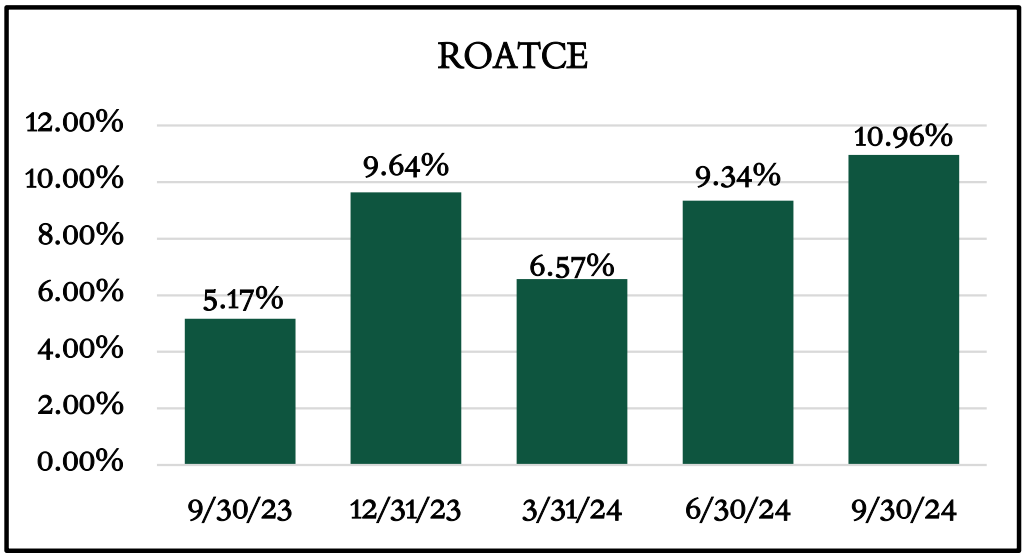
New Wisconsin Tax Law in 2023

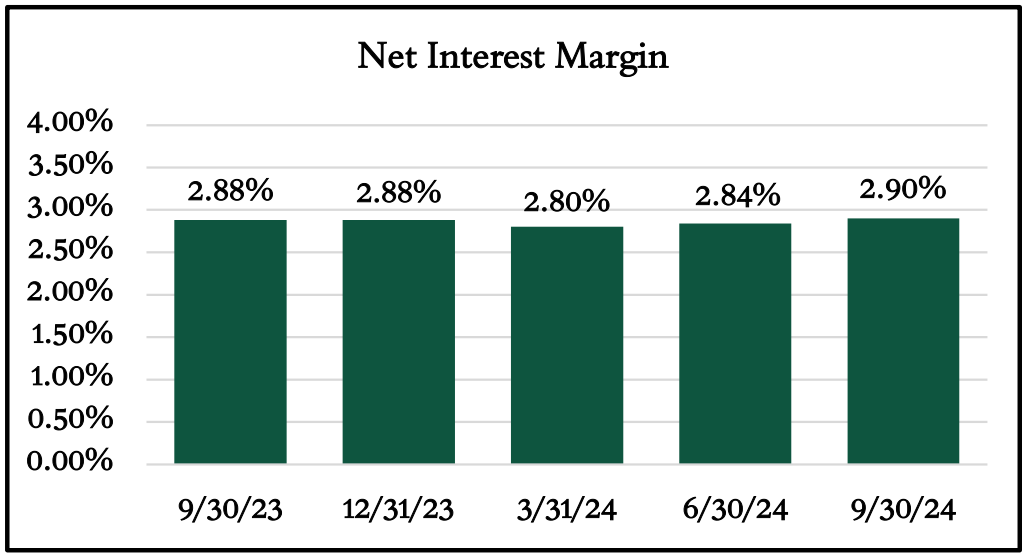
- The current Wisconsin state budget, signed by Governor Evers on July 5, 2023, included a provision offering an income tax exclusion on income earned from commercial loans of $5 million or less, originated for business or agricultural purposes to borrowers who reside or are located in the state of Wisconsin. 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 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.

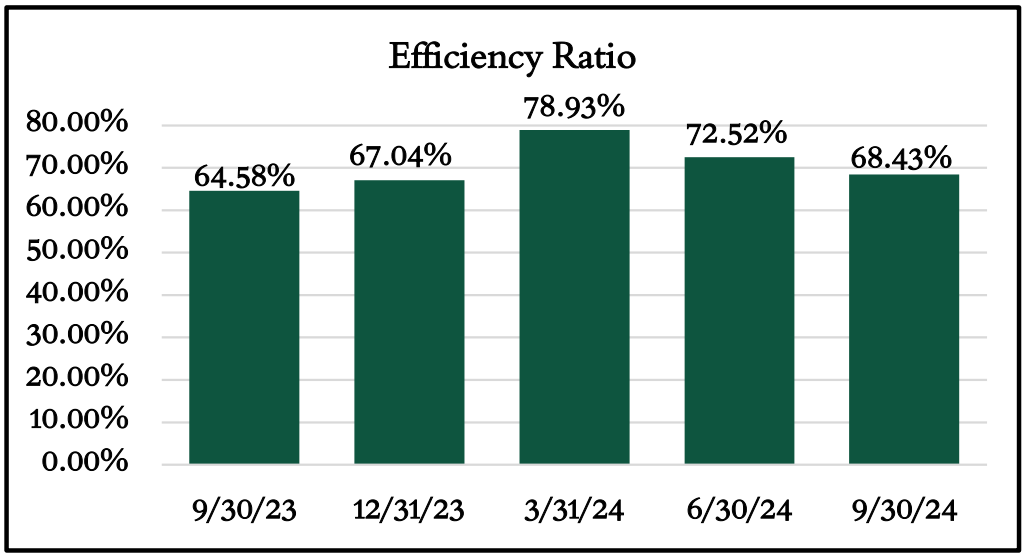
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Quarterly Earnings Trends



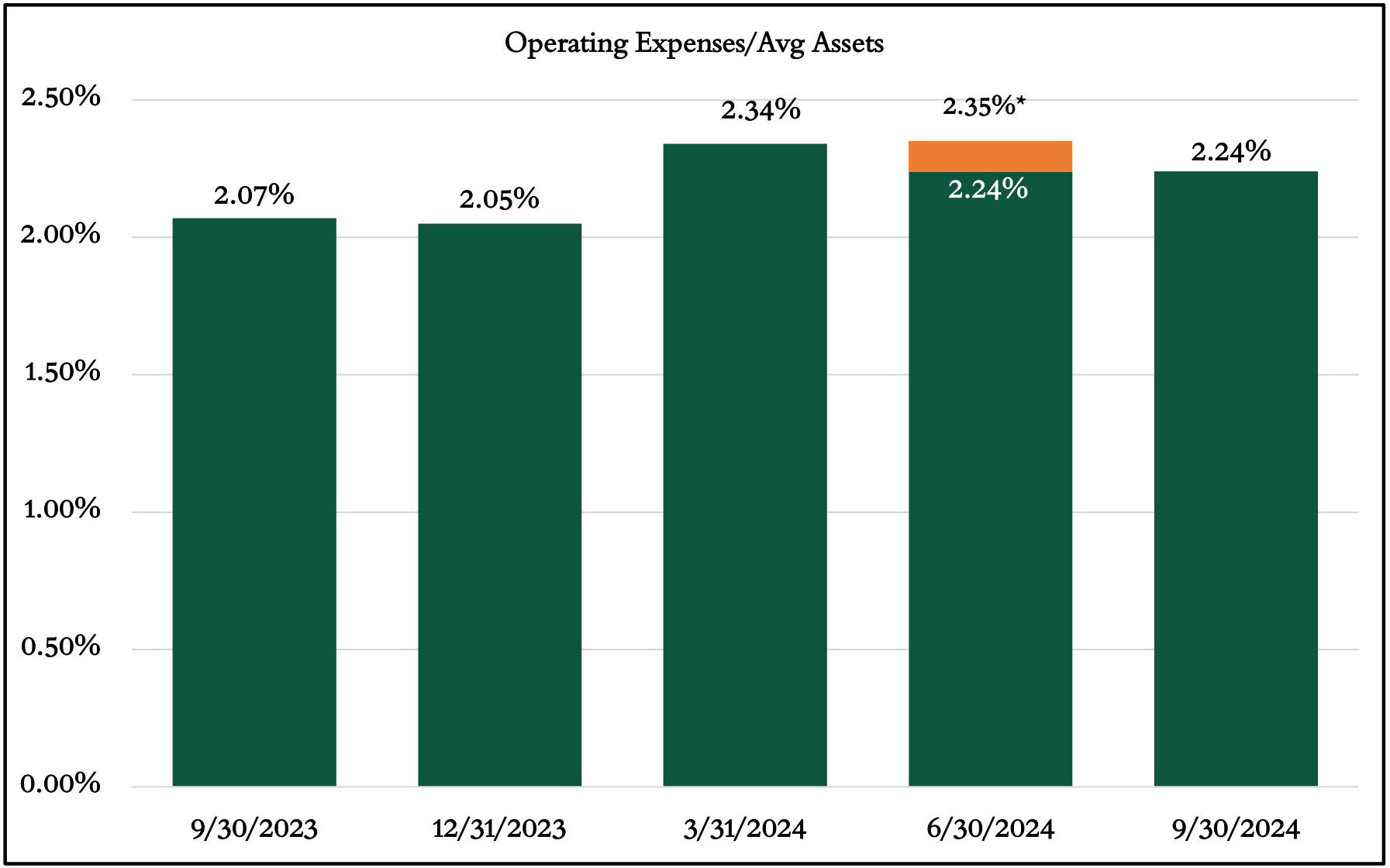






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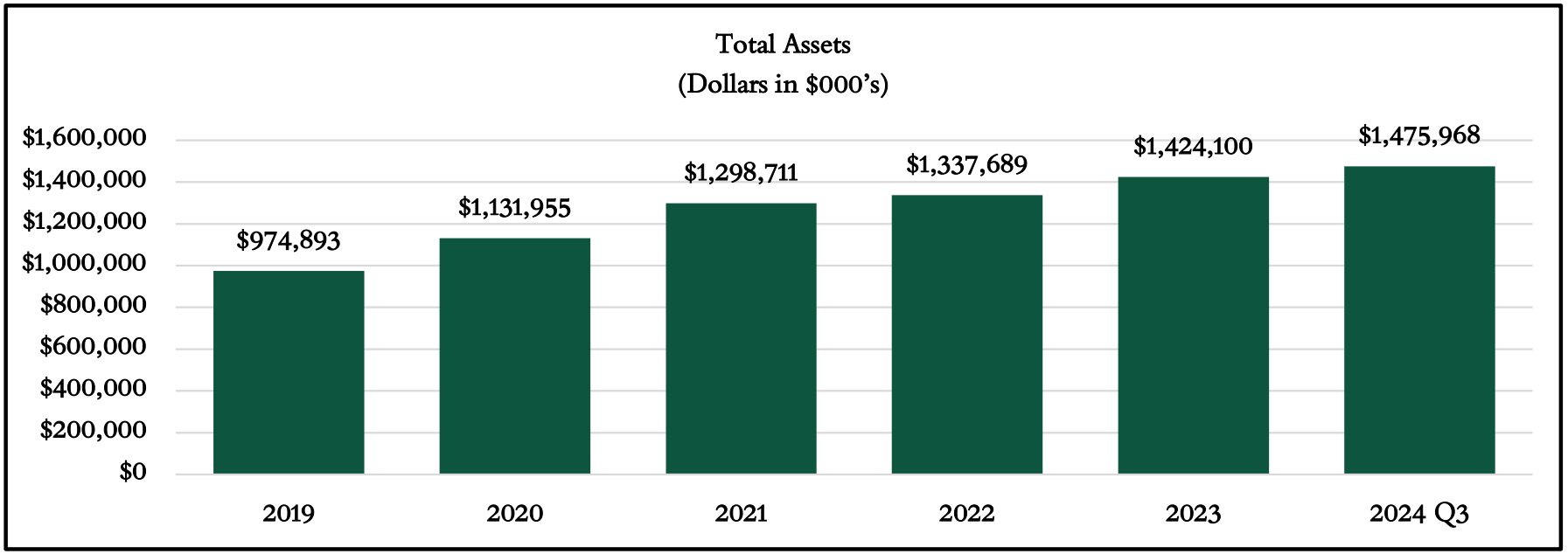
Quarterly Operating Expense Trends

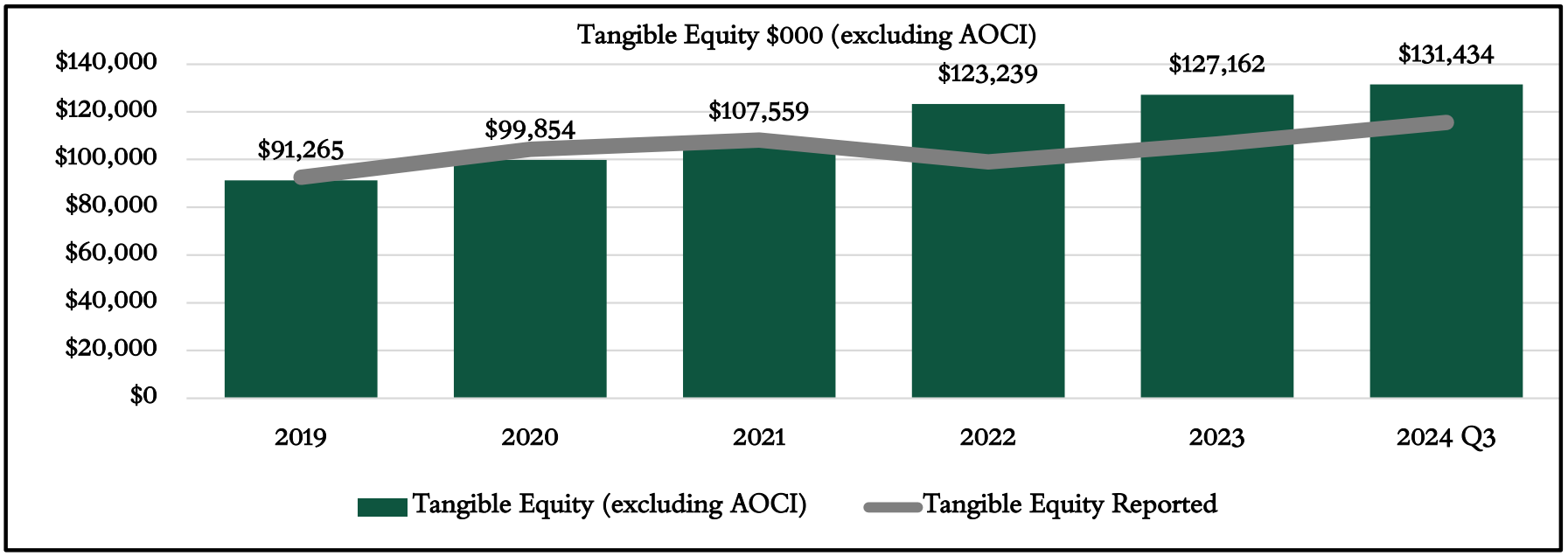


*Impact of one-time severance payments.

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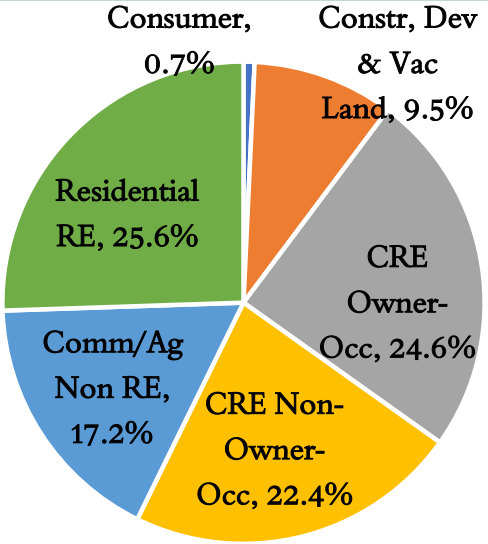
Balance Sheet Trends



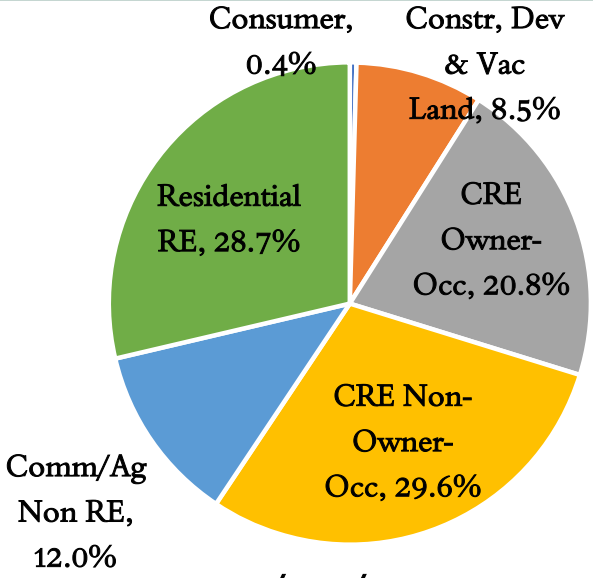


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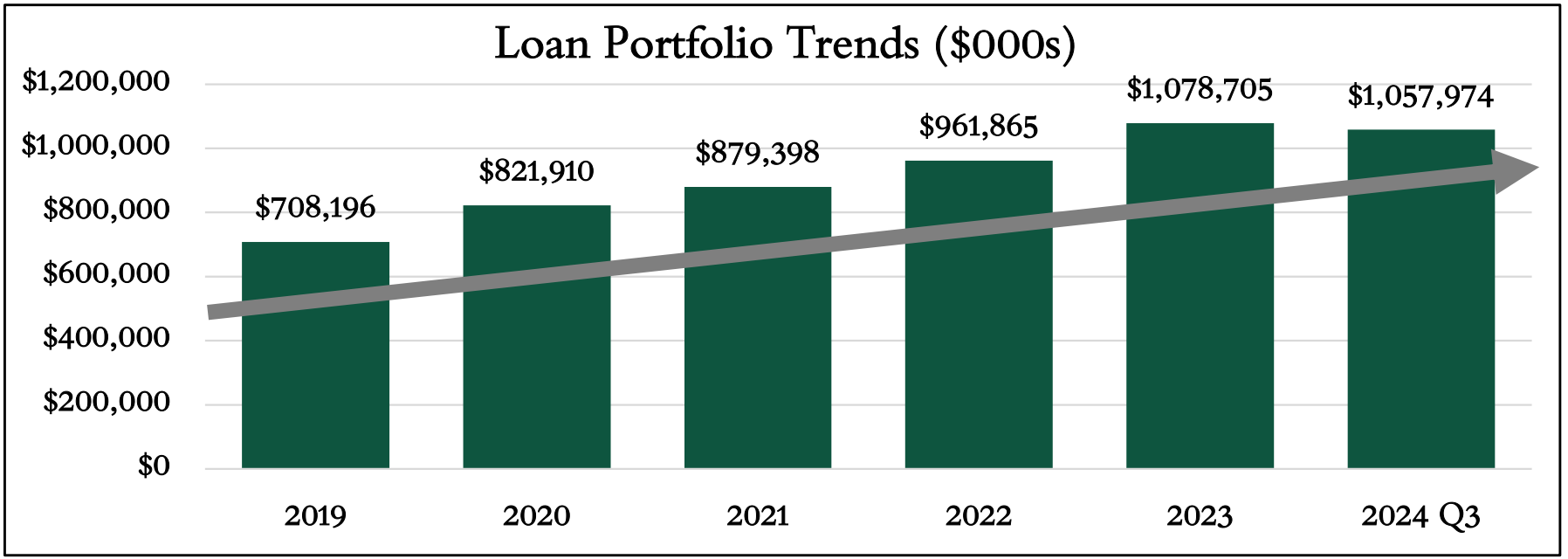
Loan Portfolio



09/30/2019

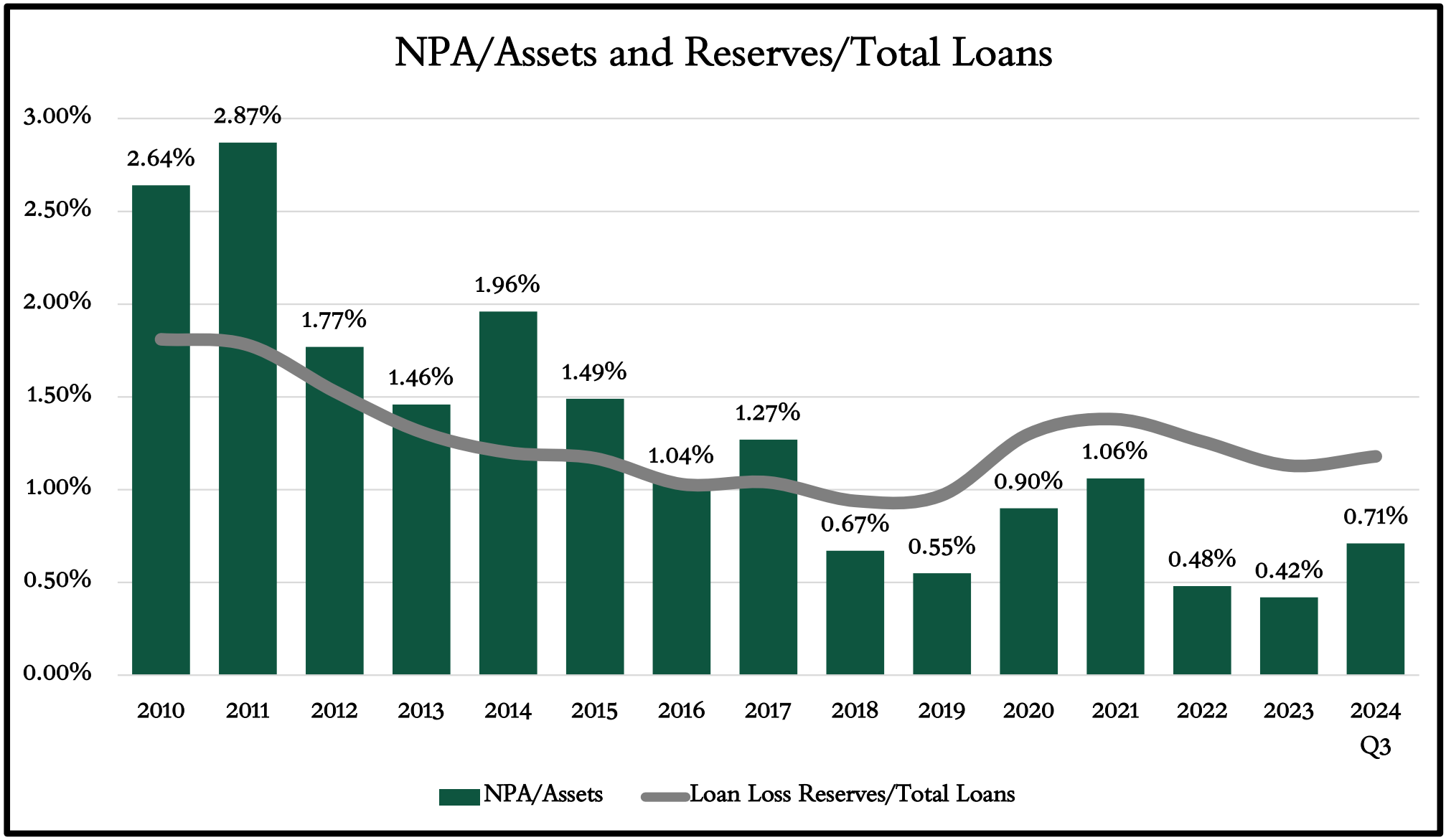


09/30/2024



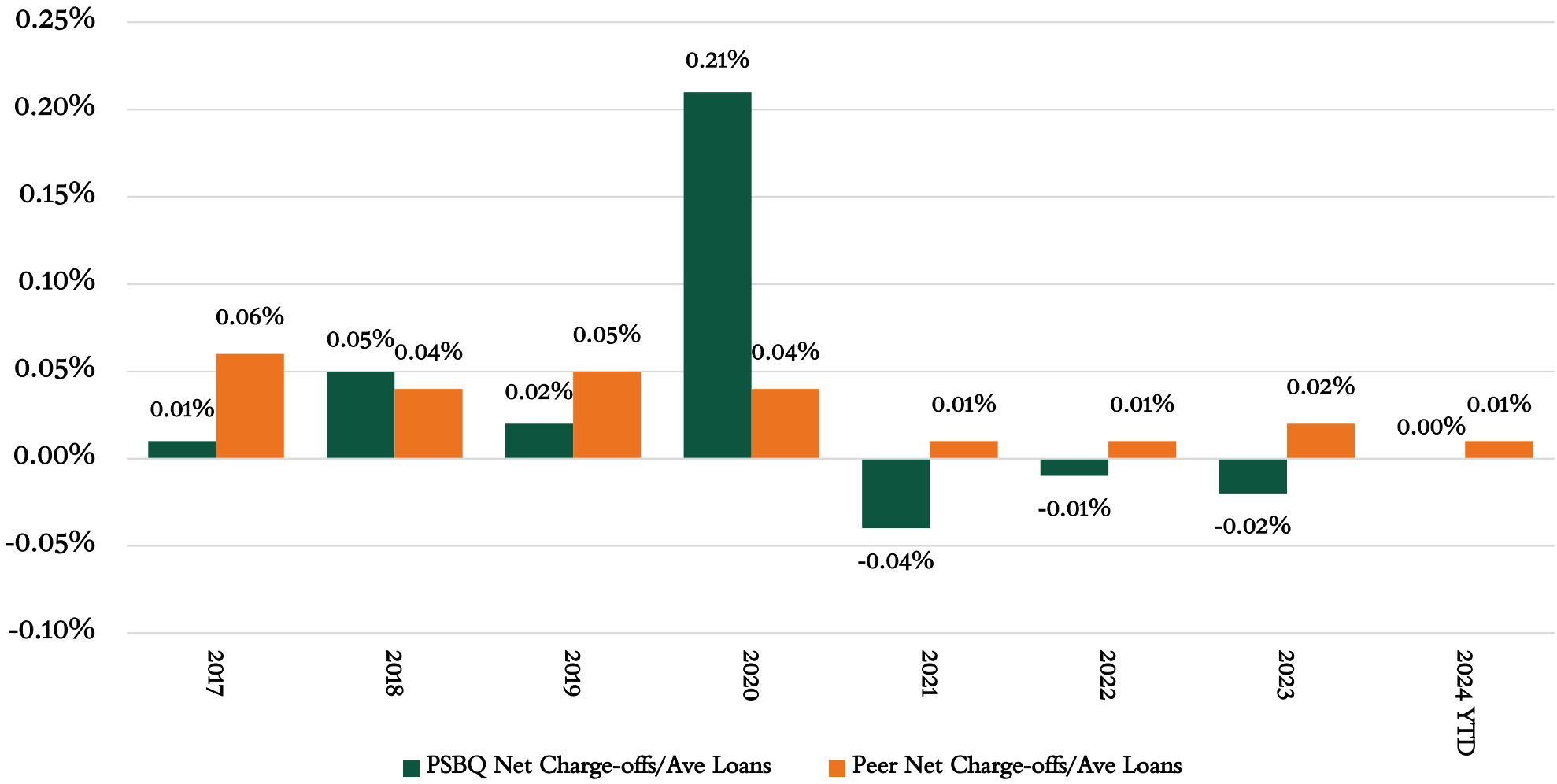
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Asset Quality Trends



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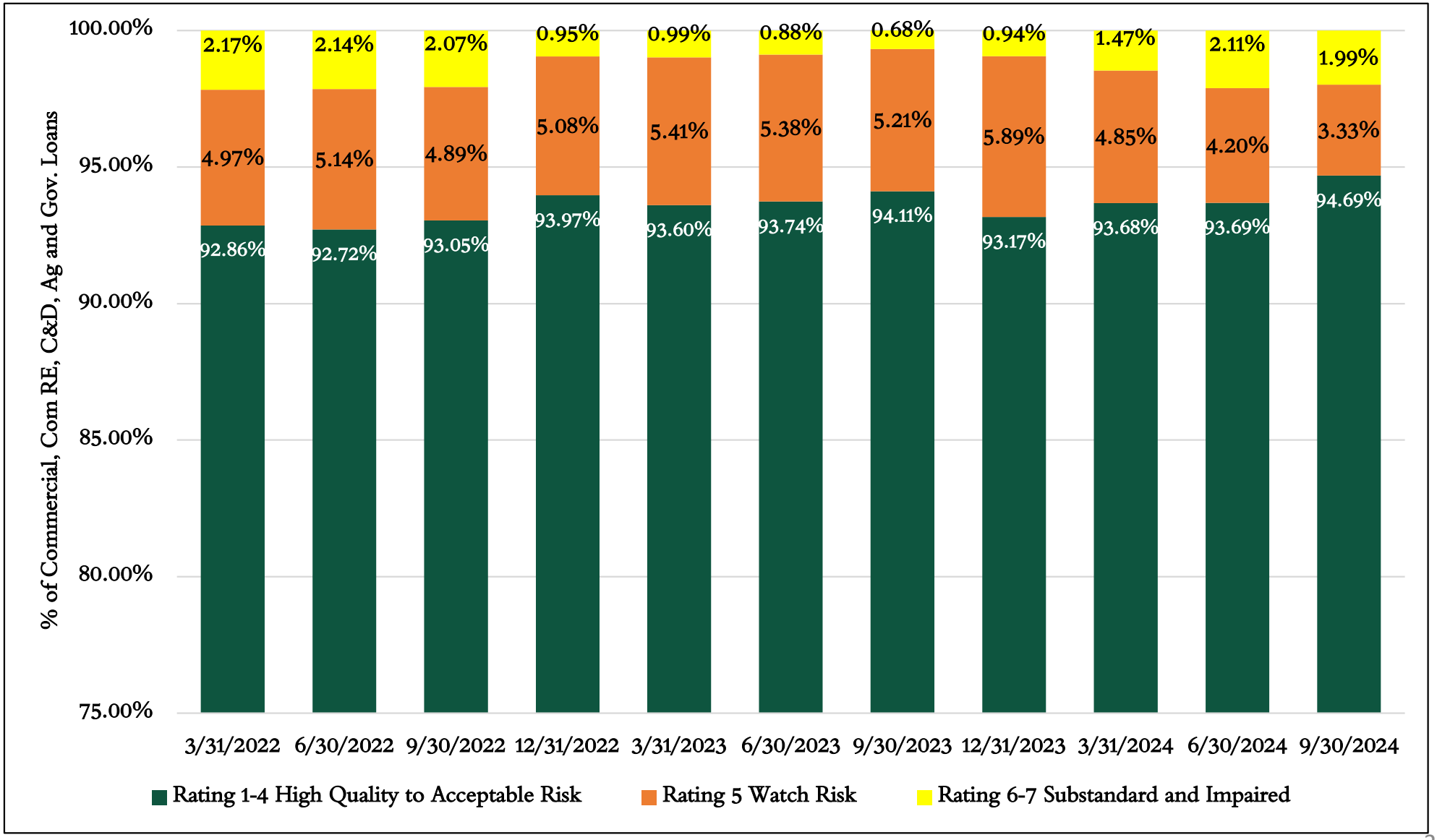
Charge-Off History



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $3.0 billion at 09/30/24

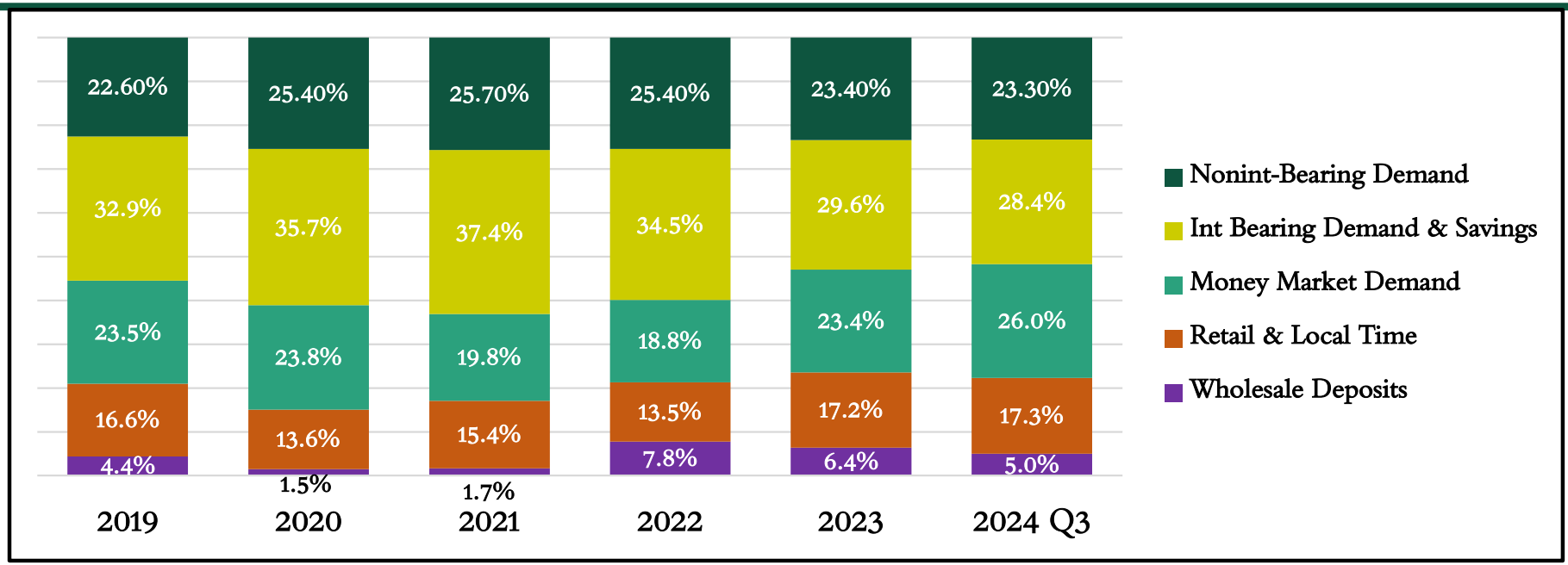
PSB HOLDINGS, INC.

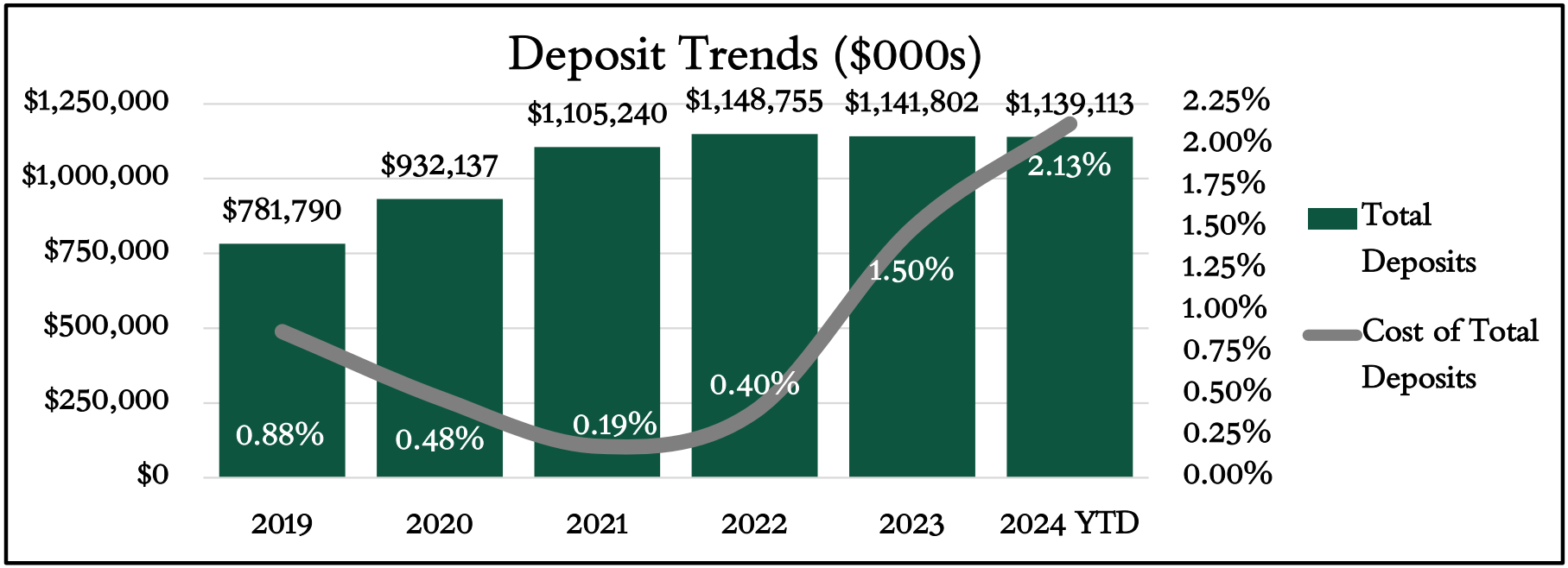
Asset Quality Trends



PSB HOLDINGS, INC.

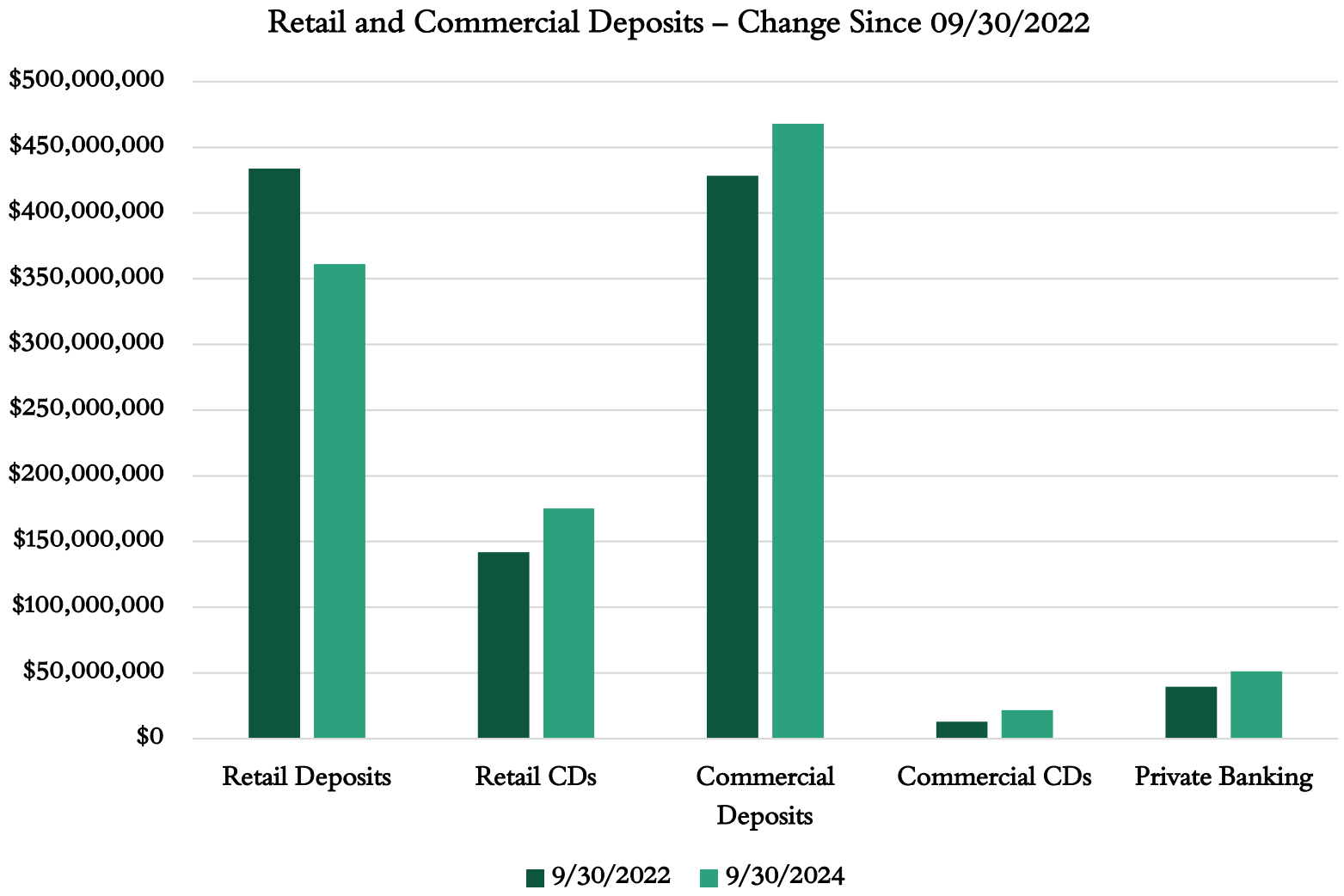
Deposit Portfolio





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Core Deposit Changes



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Available Liquidity

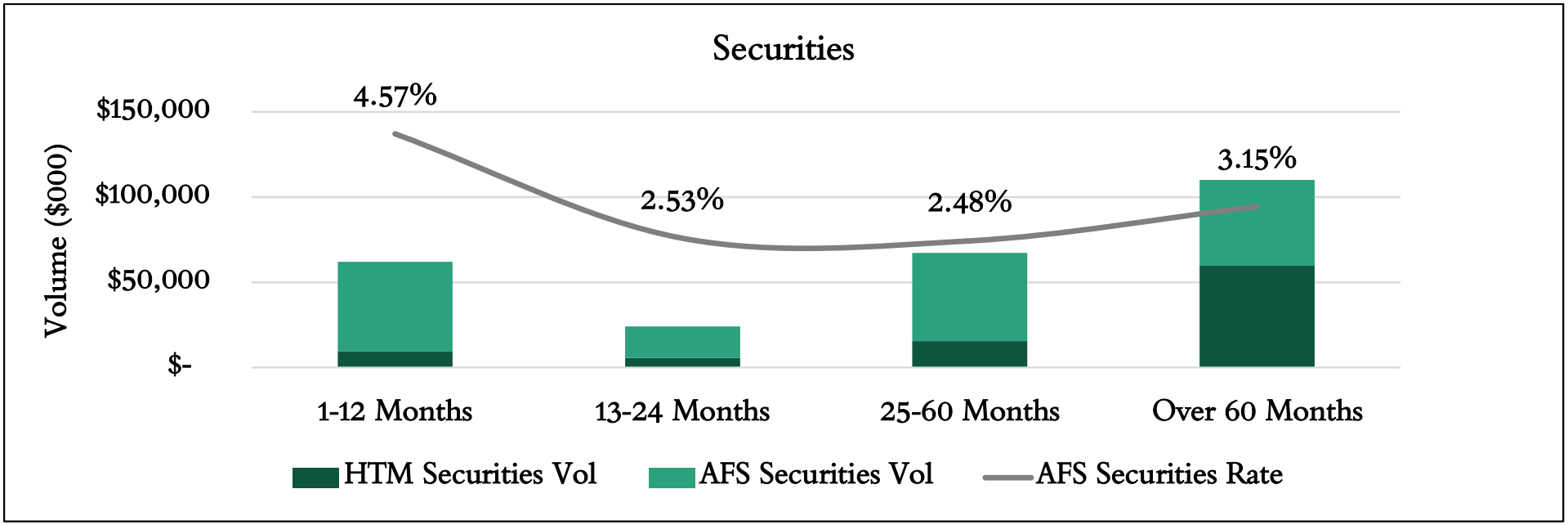
Liquidity Review	Utilized 09/30/2024	% of Assets	Authorized Available	Excess Capacity
Bankers' Bank Fed Funds Line	$ -	0.0%	$ 15,000,000	$ 15,000,000
Other Fed Funds Lines *	-	0.0%	18,000,000	18,000,000
FRB Discount Window *	-	0.0%	24,929,000	24,929,000
FHLB Advances & Retail Repos	187,377,538	13.8%	440,000,000	252,622,462
Brokered CDs/NMCDs/CDARs/I	101,624,223	7.5%	445,000,000	343,375,777
Holding Company	-	0.0%	10,000,000	10,000,000
Total	$ 289,001,761		$ 952,929,000	$ 663,927,239

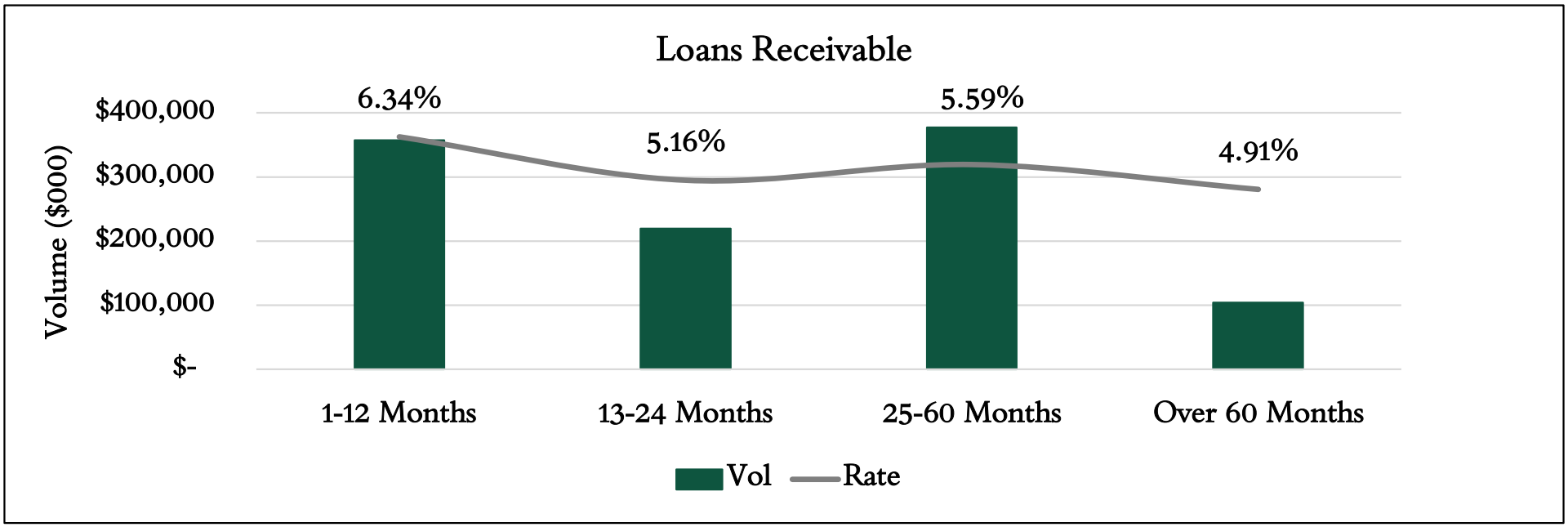
* Availability not guaranteed

Funds are limited to 35% of total assets

PSB HOLDINGS, INC.

Asset Repricing Base Case at 9/30/24





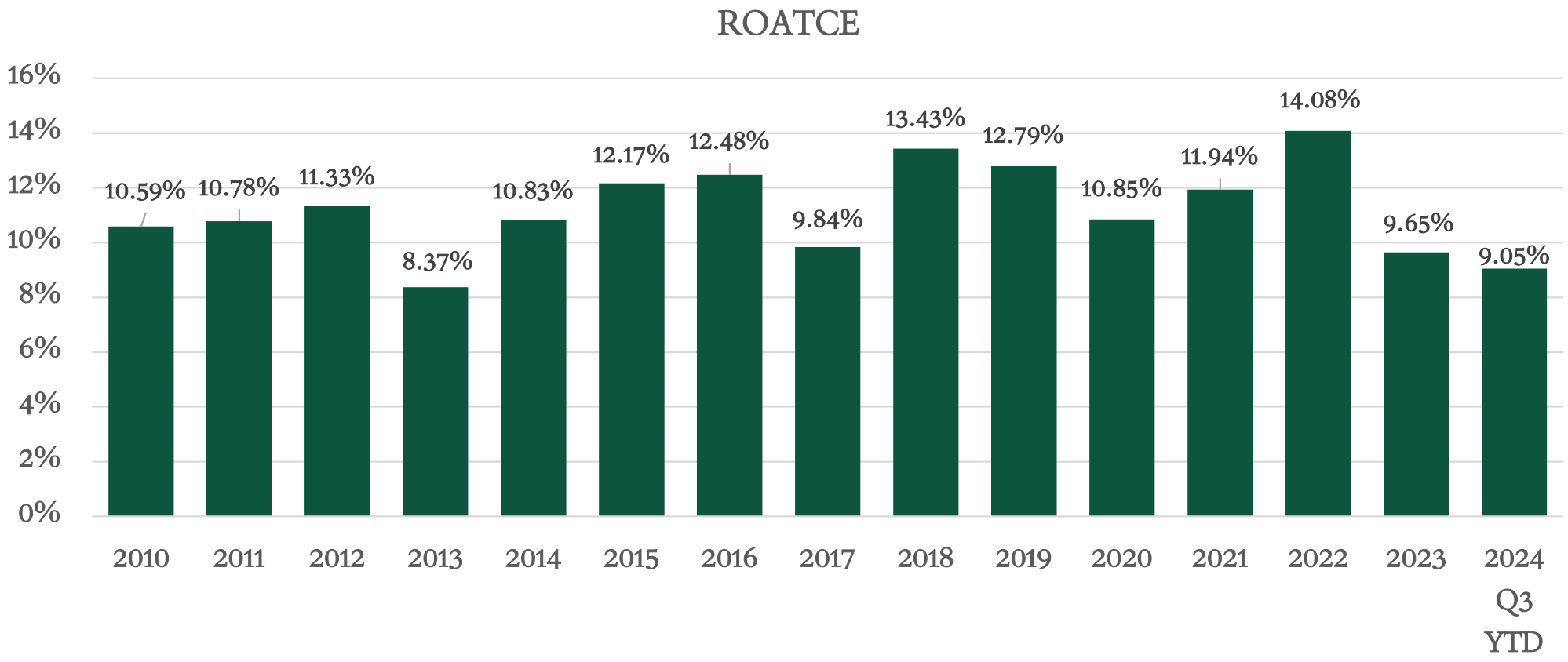
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Shareholder Focus

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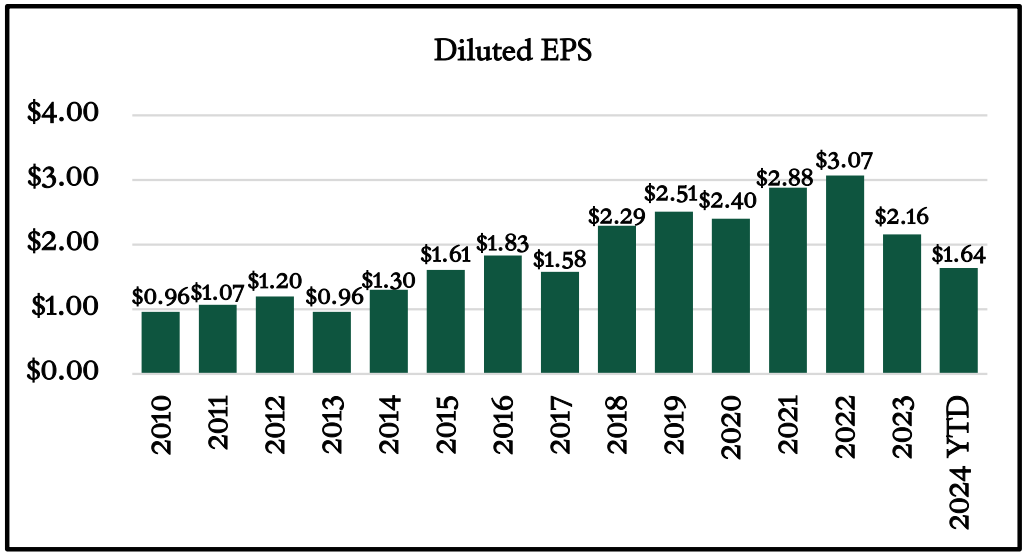
History of Strong Returns

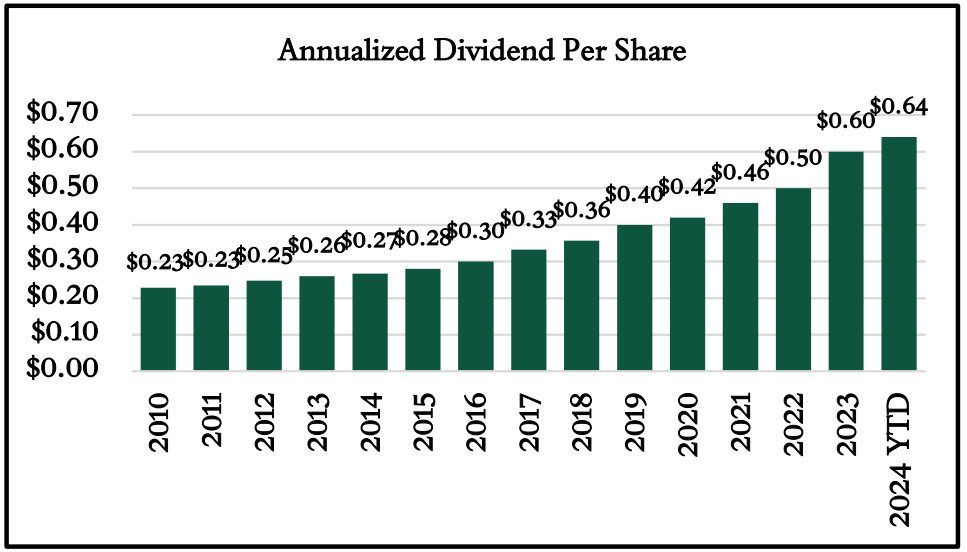
History of Returns



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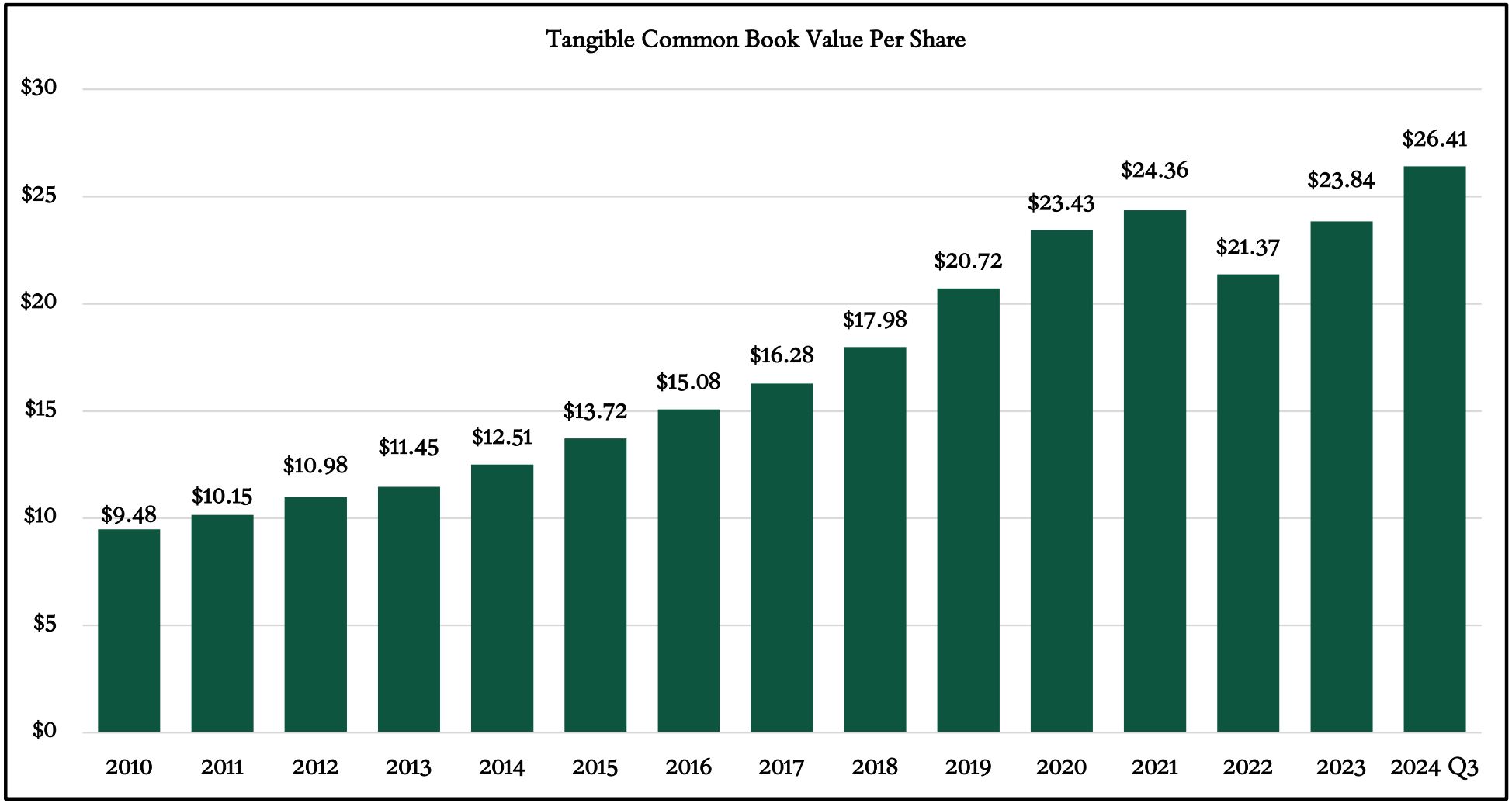
Per Share Trends





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Per Share Trends

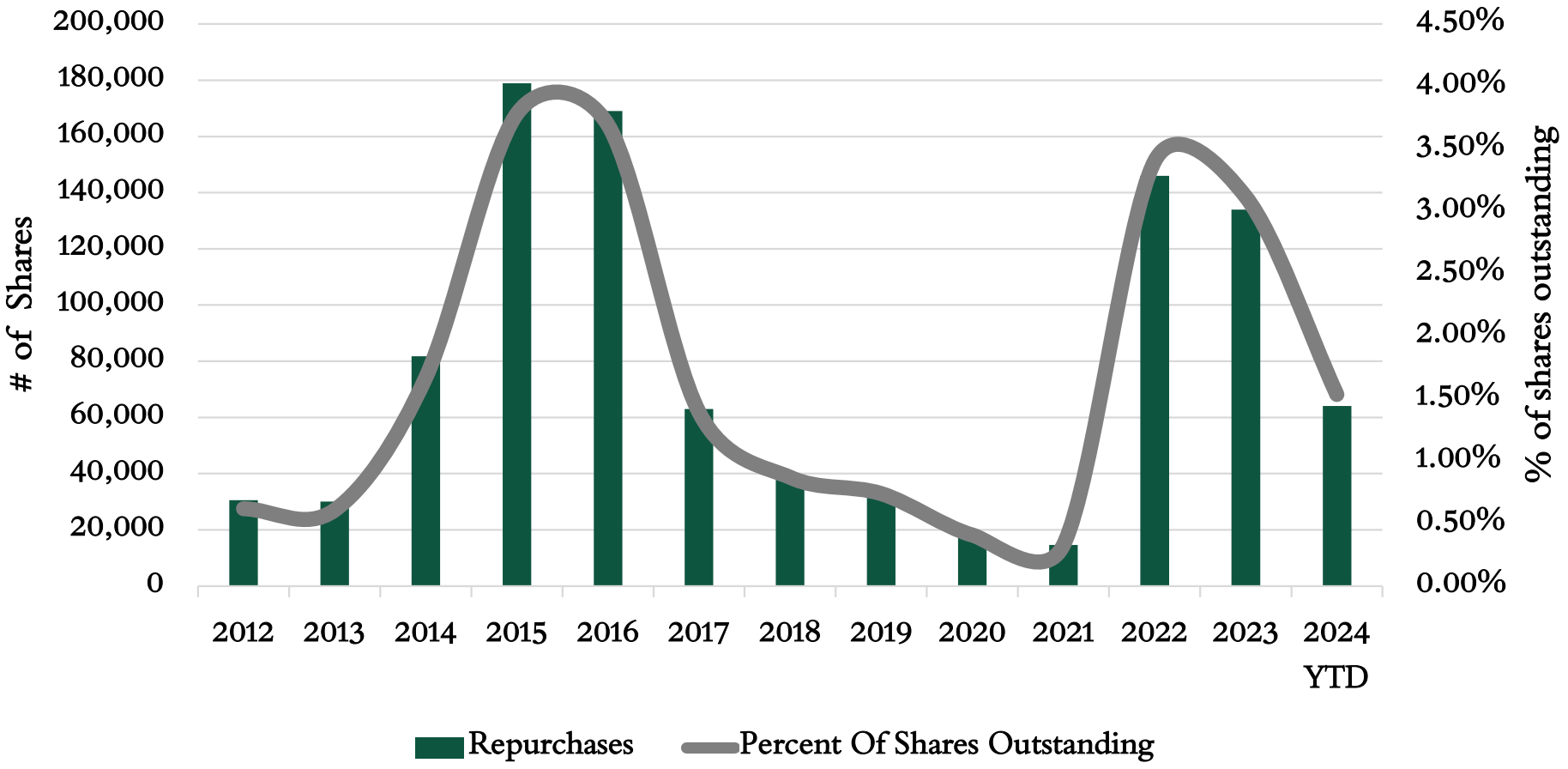


	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Q3
AOCI Impact	$0.51	$0.39	$0.28	($0.07)	($0.13)	($0.02)	($0.16)	($0.15)	($0.37)	$0.29	$1.00	$0.14	($5.64)	($4.97)	($3.85)

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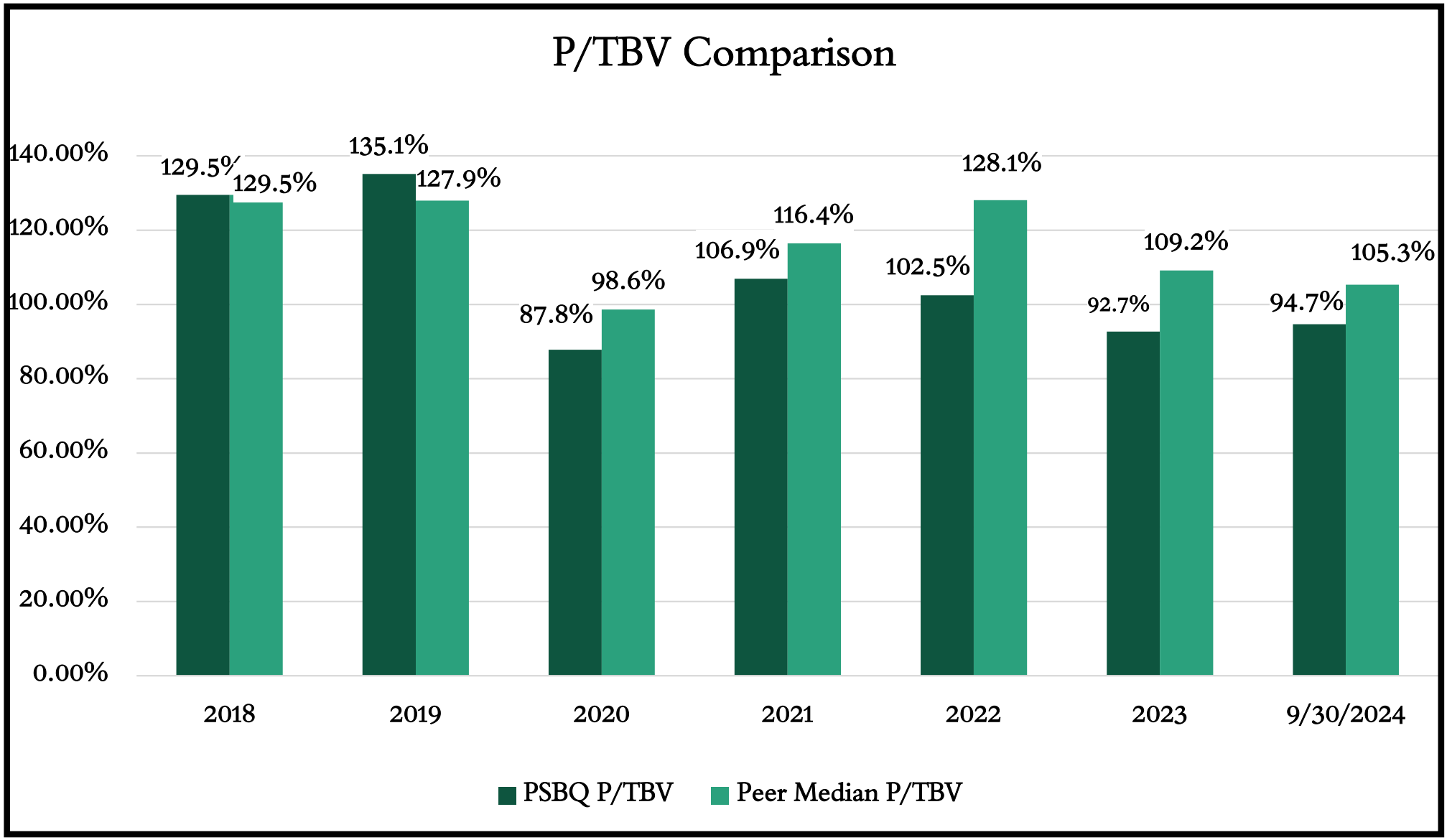
Capital Management Strategies

Actively Support Liquidity with Stock Repurchases



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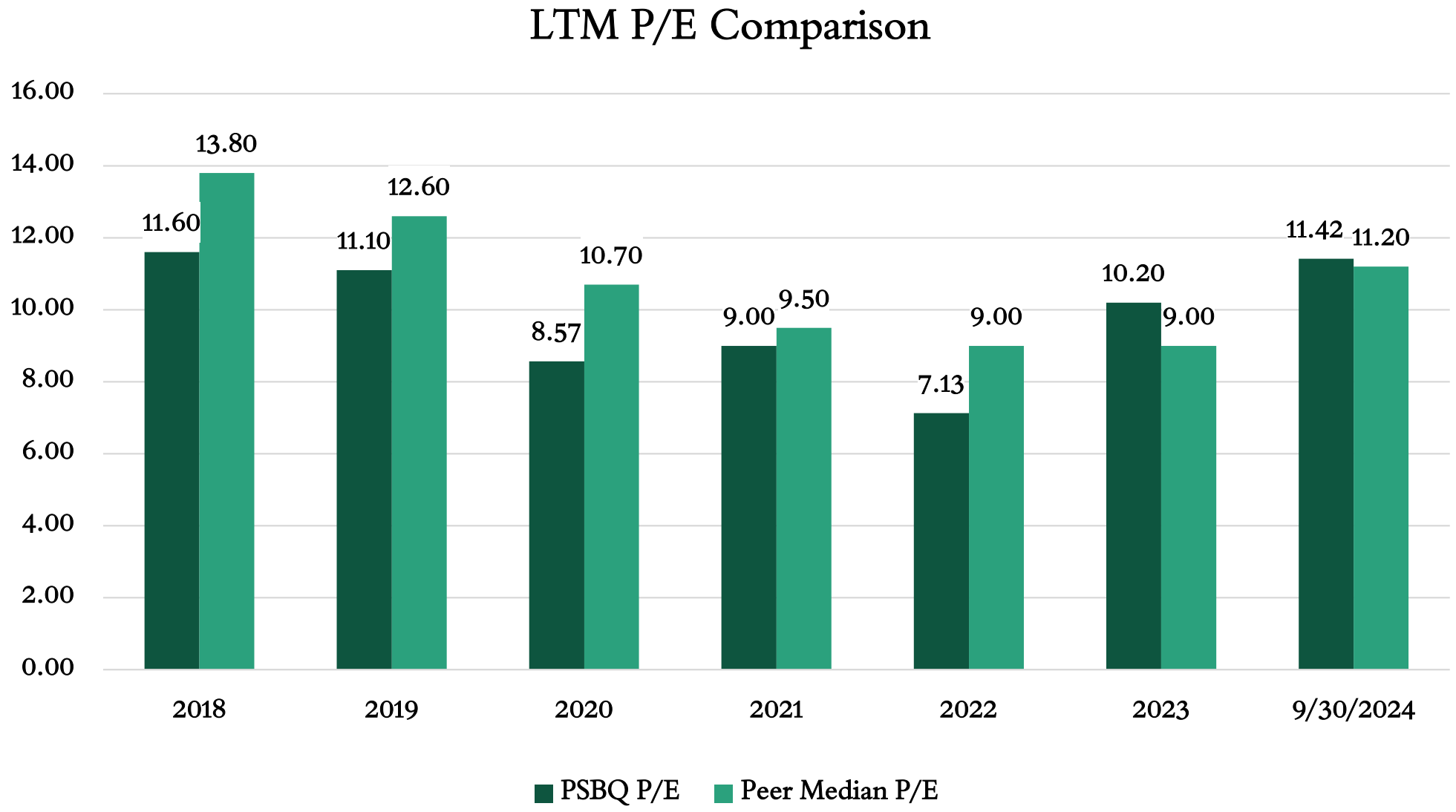
P/TBV Comparison



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $3.0 billion at 09/30/24

PSB HOLDINGS, INC.

P/E Comparison



Peers include all publicly-traded financial institutions with assets between $1.0 billion and $3.0 billion at 09/30/24

PSB HOLDINGS, INC.

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?