

ANNUAL SHAREHOLDER MEETING

APRIL 16, 2019



PSB Holdings, Inc.

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Welcome & Introduction

Bill Fish

Chairman of the Board

PSB Holdings, Inc.

Peoples State Bank

PSB Holdings, Inc.

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Meeting Agenda

President's Message

- Peoples mission and strengths
- Shareholder value roadmap
- 2018 highlights
- Customer testimonial
- 2019 key strategy objectives

Financial Presentation

- 2018 financial report
- Three-year director terms
- Increase authorized shares

Formal Business Meeting

Questions & Answers

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President's Message

Scott Cattanach

President & CEO

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Peoples State Bank

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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.

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Peoples Mission

Build value for shareholders with increased earnings and growth as an independent bank serving local business owners and residents

- **Consistently top 25% return on equity to peer**
- **Shareholder dividend growth for 25 consecutive years**

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Peoples Strengths

- Served and reinvested in northcentral Wisconsin for over 50 years with 9 branches and 2nd largest deposit market share
- Commercial bank with strong reputation offering fast and flexible credit and valuable deposit management services to locally owned businesses
- Technology to provide great service through Wisconsin – Our largest treasury management depositors are located outside of our normal market area
- Superior management of operating expenses and loan losses compared to banking industry

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Shareholder Value Roadmap

5 Year Plan for Independence and Opportunity

Objectives:

- Target \$1.5 billion in total assets by December 31, 2022 (size)
- Enter new markets to diversify growth opportunities (growth potential)
- Building relationships with professional bank investors and potential future NASDAQ listing associated with a capital raise or acquisition (message)

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Management Team

Scott Cattanach, President & CEO

Commercial Services Pat Heier	Bank Operations Tim Dively	Retail Sales & Service Maureen Jorgensen	Human Resources & Marketing Donna Staples	Accounting CFO Mark Oldenberg	Compliance & Internal Audit Lenore Breit
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2018 Highlights

- **Best Local Bank 7th straight year by Wausau Daily Herald**
- **PSB Holdings, Inc. – 50th Top Performing Community Bank in the nation and 9th straight year in Top 200 Community Banks by American Banker Magazine**
- **Brandon Karaba – Forward Rhinelander Top 10 Under 40 Award**
- **PSB staff – Wisconsin Bankers Association State Bankers Promoting Financial Literacy Award**
- **Earnings per share increase 45% over 2018**

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2018 Highlights

- Total assets reached over \$900 million at year-end for the first time
- 3 for 1 stock split
- New Stevens Point, WI loan office
- Peoples customers almost 3 times more likely to refer to a friend
- New website: bankpeoples.com

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Dan Keck

Owner Keck Construction
& Seamless Specialists
1st Sgt Army National Guard (Ret.)

Customer Testimonial

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2019 Strategy

Target \$1.5 billion in assets by 2022

- Increase customer based deposits
- Maximize growth in wallet share with existing customers
- Increase customer and employee feedback to improve products, service delivery, and engagement

Enter new markets

- Fine tune market characteristics which fit with our needs and strengths and build list of best bank partners/markets
- Prepare people, processes, and tools for new market growth

Build relationships with new investors

- Formalize investor communication plan

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Financial Review

Mark Oldenberg

Secretary, Treasurer and

Senior Vice President

PSB Holdings, Inc.

Chief Financial Officer

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Financial Lineup

- **Review 2018 financial results and compare to peer banks***
- **Looking ahead at 2019 expectations**
- **Proxy proposals for “Staggered” Board and Authorized Shares**
- **Listings of shares on OTCQX**

*Peer group consists of 100 banks across the United States with \$750MM to \$1.2B in total assets at January 1, 2019 as reported by S&P Global

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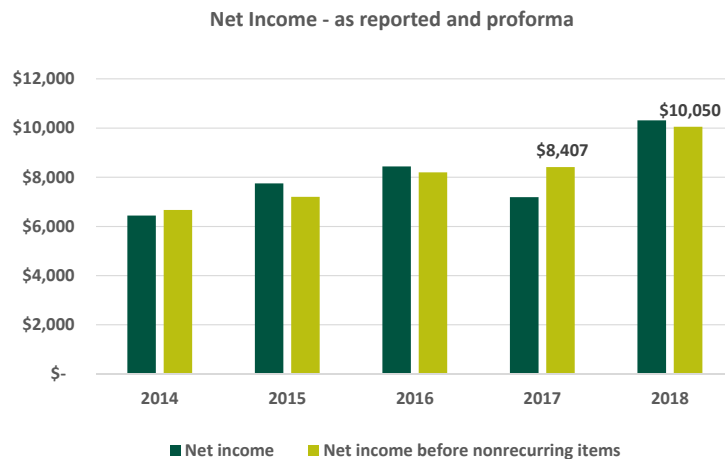
Net Income & EPS

- **Earnings of \$2.29 per share, net income was \$10.3 million**
- **Total assets reached a record of \$916 million, an increase of 8.1% from last year**
- **Tax adjusted net interest income increased \$3.2 million with an 8% increase in net loans outstanding, \$48 million**
- **Fee and noninterest income increased \$369,000, accompanied by an increase in operating expenses, \$1.37 million**

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Net Income Growth before and after special items



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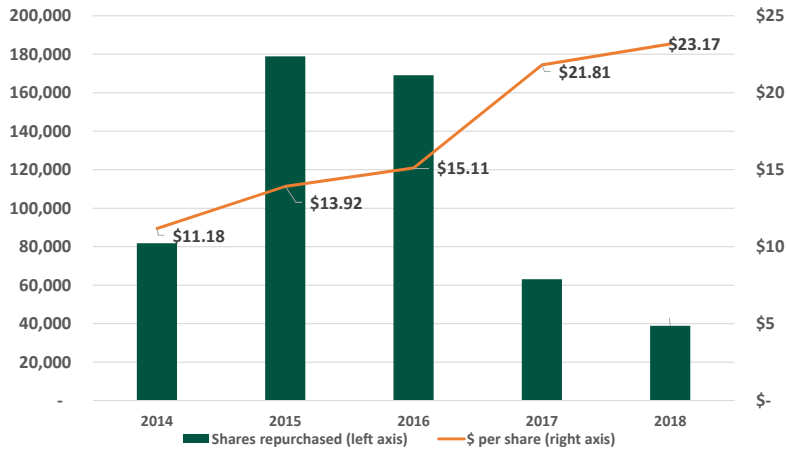
2018 Stock Buyback Activity

<u>Purchase summary</u>	<u>2018 # shares</u>	<u>2018 \$ per share</u>	<u>2017 # shares</u>	<u>2017 \$ per share</u>
Purchased on open market	30,000	\$ 23.20	30,000	\$ 23.06
Purchased from shareholders	8,850	\$ 23.06	33,018	\$ 20.68
Total purchased for the year	38,850	\$ 23.17	63,018	\$ 21.81
Percentage of beg. of year shares	0.86%		1.38%	
Net book value/share Dec. 31, 2018		\$ 17.98		\$ 16.28

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2018 Stock Buyback Trend



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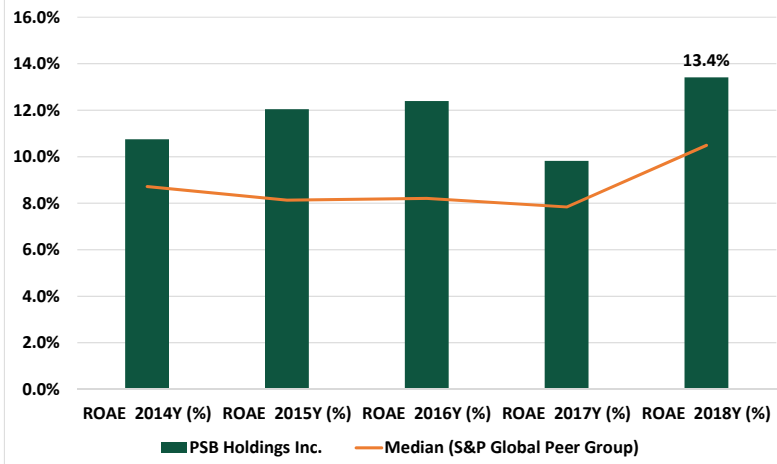
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Results Comparison to Peer Banks

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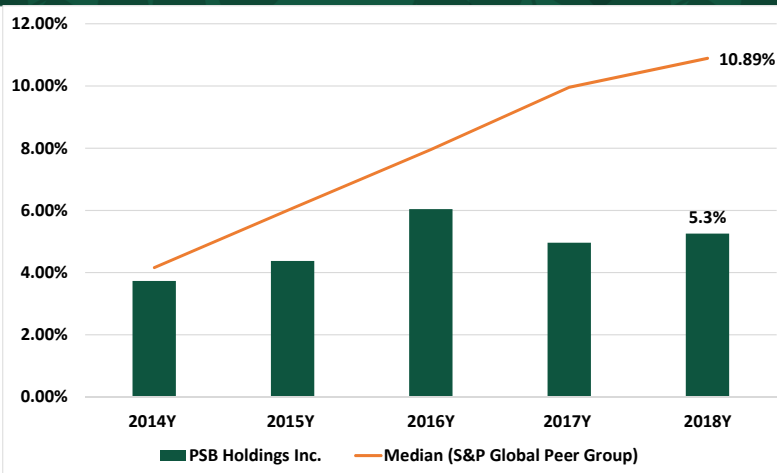
Return on Average Shareholder Equity



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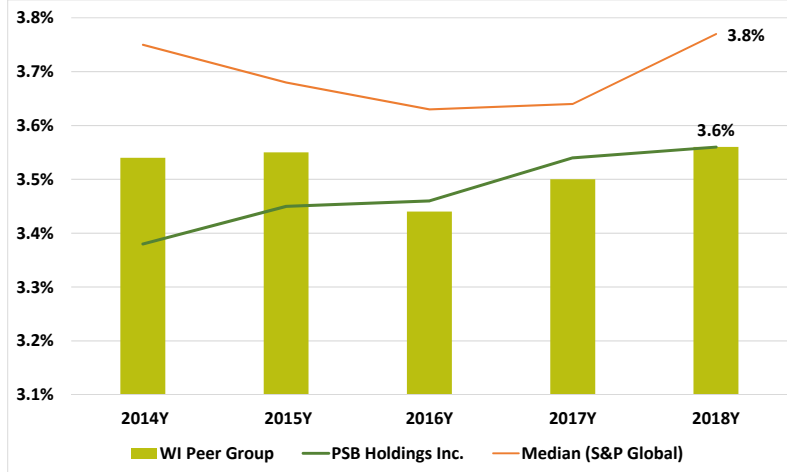
Loan Growth Percentage – 5-year CAGR



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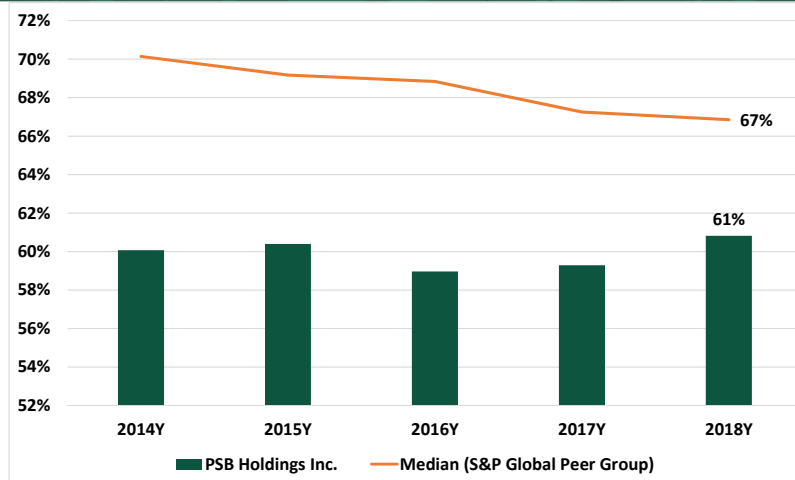
Net Interest Margin – Tax Adjusted



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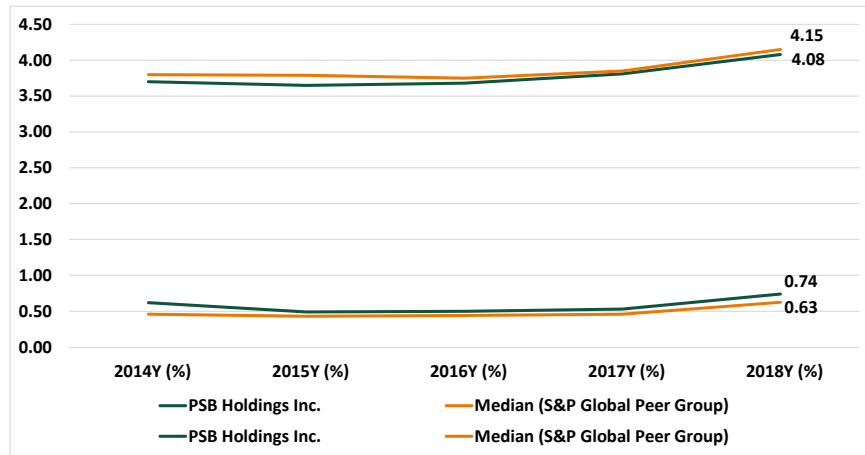
Efficiency Ratio – Operating Expenses to Gross Revenue



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Interest Income & Interest Expense



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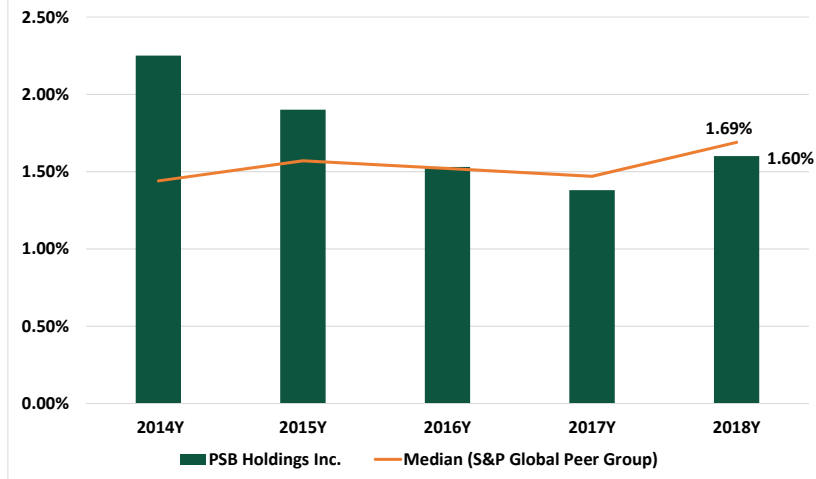
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Measuring Shareholder Return

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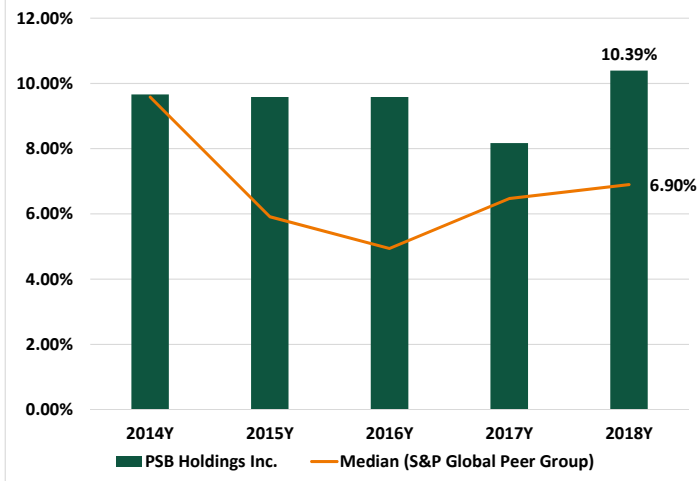
Shareholder Dividend Yield – Dec. 31



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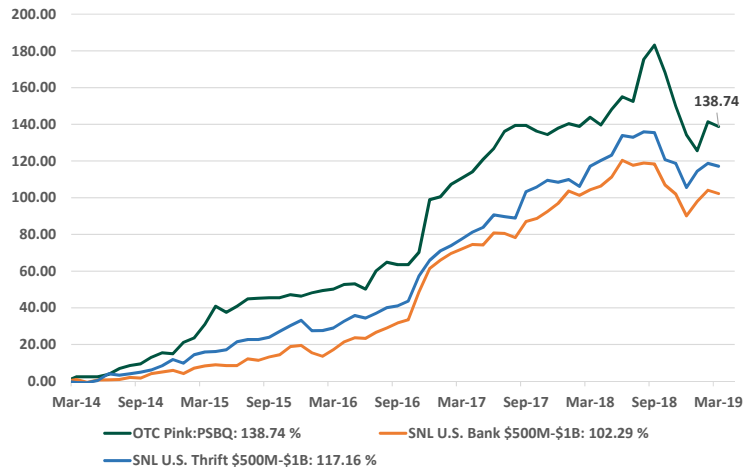
Consistent Net Book Value Growth



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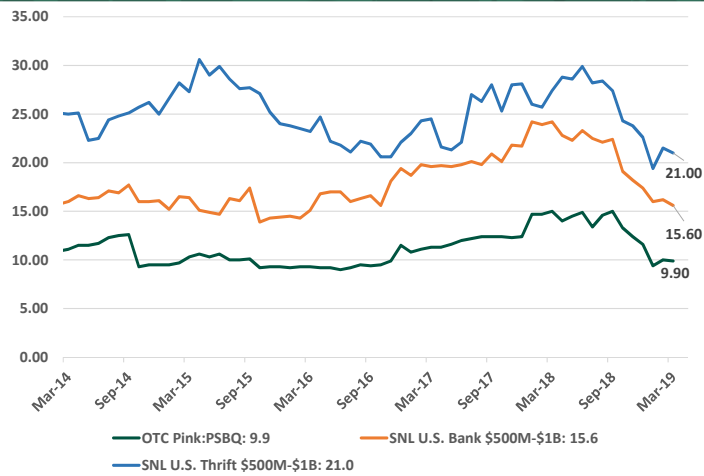
Cumulative Shareholder Total Return



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Price Multiple of Prior Year Earnings – Dec. 31



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Financial Expectations for 2019

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Earnings and Growth Expectations

- **Loan growth stable with a significant portion from our Milwaukee office**
- **Stable net interest margin**
- **Increasing residential mortgage banking income**
- **Higher expenses for staffing and infrastructure investment to build for growth**
- **Strong 2019 Return On Average Equity (ROAE) with stable earnings expected**

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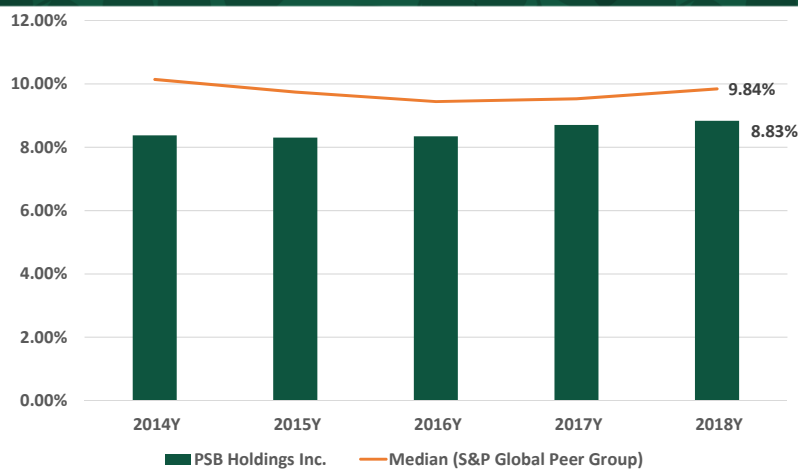
Growth through Expansion of Markets

- Increased competition for “core” deposits and rising cost are driving M&A activity
- Premiums for rural markets with strong deposit bases are similar to growth markets, both purchase premiums have remained elevated
- Additional loan production offices sought based on finding “the right lenders”

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Total Book Equity to Assets – Dec. 31



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2019 Share Buyback Plan

- **We intend to continue our shareholder repurchase program**
- **Prices evaluated quarterly by the Board of Directors after review of current market prices and other beneficial uses of capital**
- **Currently open market shares are available at an attractive price, may result in more shares repurchased than during 2018**

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Form of Share Ownership

Book Entry Ownership compared to Paper Certificates

- **Flexibility to transact with potential buyers easily and quickly**
- **No risk of loss of certificates**
- **Added liquidity to shares which can increase the stock price**
- **No cost to convert to Book Entry ownership**

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Proxy Proposals

Proposal # 2 – Authorize an increase in common stock

- Matches our 3 for 1 stock split
- Provide shares for potential M&A activities

Proposal # 3 – Authorize “staggered” board terms

- Provide stability of management
- Board recruitment and independence

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Listing of Shares on OTCQX

Currently listed on OTC- Pink

- Small financially unproven companies
- New unproven companies
 - Cryptocurrency
 - Marijuana stocks

Moving to OTCQX

- Improved Liquidity and Price Multiples
 - Asset & Revenue requirements
 - Shareholder minimums
 - Financial Reporting and Audit requirements

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Business Meeting

Scott Cattanach

President & CEO

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Scott M. Cattanach
William J. Fish
Charles A. Ghidorzi
Lee A. Guenther
Karla M. Kieffer
Peter W. Knitt
Kevin J. Kraft
Thomas R. Polzer
William M. Reif
Timothy J. Sonnentag

Director
Nominations

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Other Items of Business

- To approve an amendment to the Company's Second Amended and Restated Articles of Incorporation to increase the number of authorized shares of common stock from 6,000,000 to 18,000,000;

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Other Items of Business

- To approve an amendment to the Company's Second Amended and Restated Articles of Incorporation to authorize a "classified" or "staggered" board of directors;

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Other Items of Business

- To ratify the Audit Committee's selection of Wipfli LLP as our independent auditor for the 2019 fiscal year;

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Casting of ballots

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Questions & Answers

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Thank you!

Please join us for a
celebration reception
immediately
following this
meeting



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