



**D|A|DAVIDSON**

# D.A. Davidson Conference: Denver, CO, May 6-8, 2019

**PSB Holdings, Inc.**  
**OTCQX: PSBQ**

# Cautionary Note Regarding Forward-Looking Statements

Certain matters discussed in this presentation, including 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. Among other things, these risks and uncertainties include the strength of the economy, the effects of government policies, including 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.

# Management Team



**Scott M. Cattanach** is the President & Chief Executive Officer of PSB Holdings, Inc. ("PSB") and Peoples State Bank ("Bank"). He also serves as a Director of PSB. He joined Peoples State Bank as Chief Financial Officer in 2002 after 11 years of serving banks as a CPA with Wipfli LLP. He has more than 26 years of experience working with community banks in central Wisconsin. A 1991 graduate of University of Wisconsin – Eau Claire, he graduated summa cum laude with a Bachelor of Business Administration and received the Elijah Watt Sells Award for exceptional performance on the November 1991 CPA exam. Previously, he was an Audit Manager with Wipfli managing and performing audit, income tax, consulting and regulatory compliance engagements for banks, thrifts and credit unions throughout Wisconsin. He also served Wipfli as a Key Technical Expert for SEC reporting banks and represented the firm in the formation of multiple client de novo banks. He served as Treasurer and Director of Christian Life Communications, Inc., broadcaster of WCLQ Radio, 89.5 FM, and as President of Marathon County United Soccer Club. He is also past Director and Treasurer of the Community Foundation of North Central Wisconsin.



**Mark C. Oldenberg** is Secretary, Treasurer and Senior Vice President at PSB Holdings, Inc. and Chief Financial Officer at Peoples State Bank. He has more than 20 years of leadership experience in community banking. He was Chief Financial Officer and Principal Accounting Officer of Citizens Community Bancorp, Inc. ("CZWI"), and Citizens Community Federal N.A. and was its Executive Vice President. He joined Citizens Community from Security Financial Bank of Durand, Wisconsin where he served as its Chief Financial Officer and Chief Risk Officer from March 2008 to September 2011, as well as a director on its holding company board. Prior to Security Financial Bank, he served as the Chief Financial officer of Fidelity National Bank in Medford, Wisconsin from December 2002 to March 2008. He also served as Vice President and Controller of Heritage Bank in Spencer, Wisconsin from May 1999 to December 2002. He has been involved for many years with the Boys and Girls Club and currently serves as a board member of the Wausau club, and is a Member of the Wisconsin Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

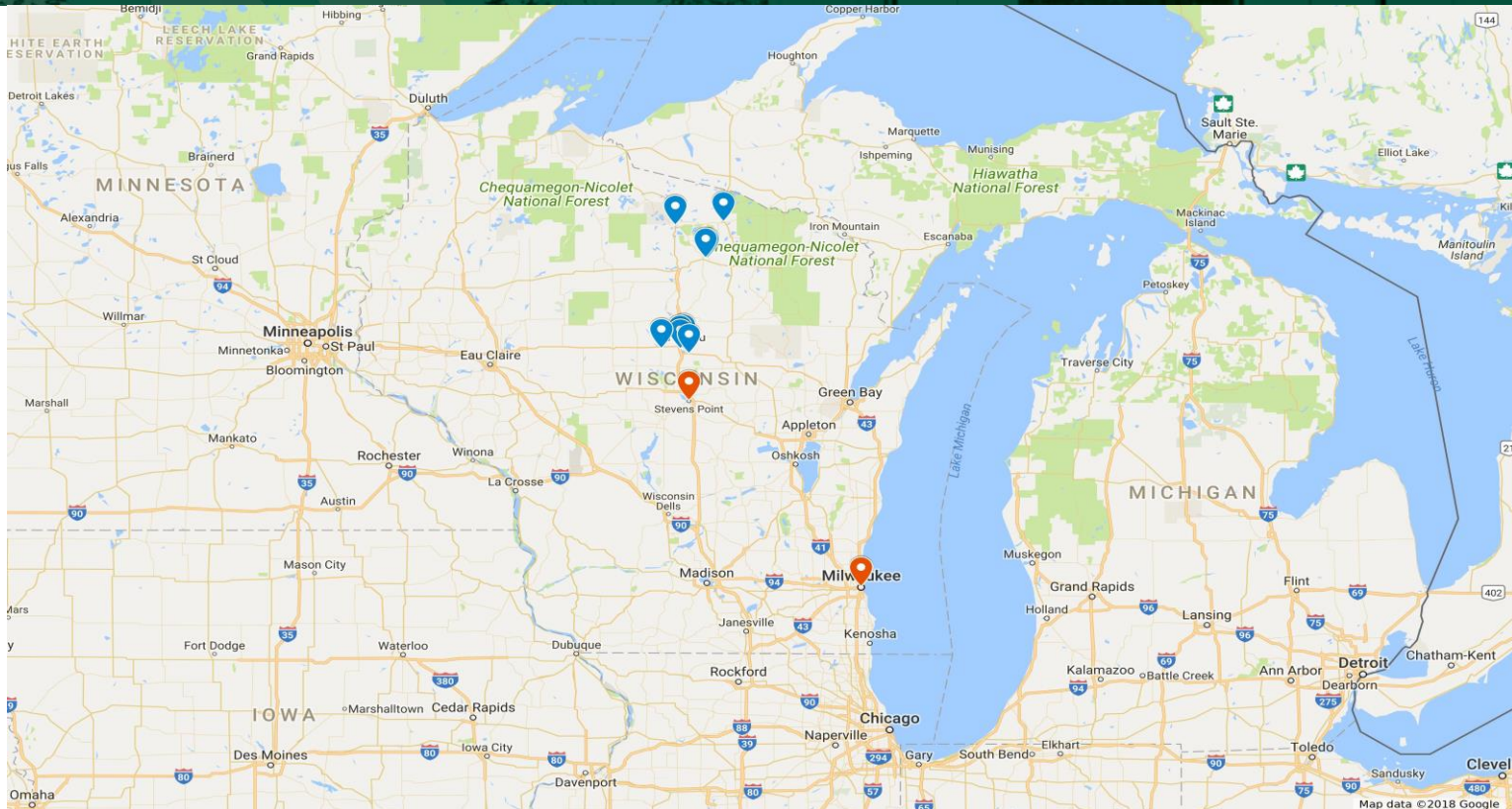
# Overview

- PSB Holdings, Inc. (\$894 million in assets) is the parent company of Peoples State Bank headquartered in Wausau, Wisconsin, serving north central Wisconsin from nine full service banking locations in Marathon, Oneida, and Vilas counties and loan production offices in Stevens Point and Milwaukee, Wisconsin.
- Peoples also provides investment and insurance products, along with retirement planning services, through Peoples Wealth Management, with gross commissions exceeding \$1.0 million annually.
- PSB Holdings, Inc. is traded under the stock symbol “PSBQ” on the OTCQX – Best Market Exchange.
- **AWARD WINNING SERVICE --**  
Recognized by our neighbors at Wausau Daily Herald for seven consecutive years and nationally by American Banker Magazine for nine years in a row as one of the best community banks.



Peoples  
STATE BANK

# Branch Locations



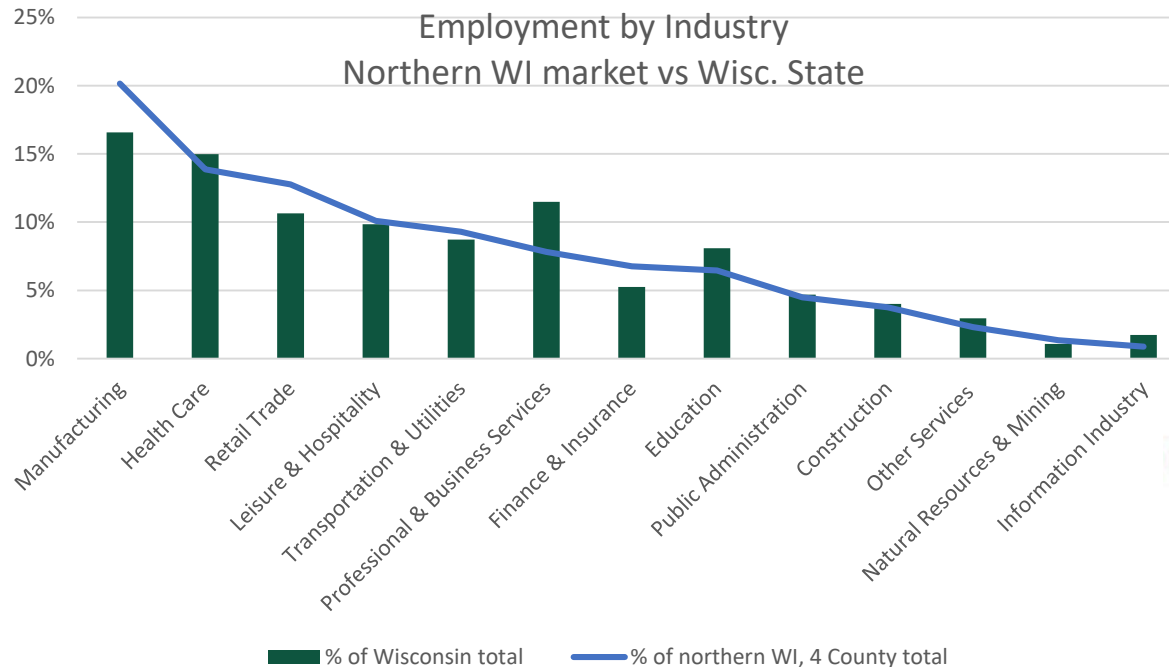
<u>Street Address</u>	<u>City</u>	<u>6/30/2018 Deposits (\$000)</u>
1905 Stewart Ave	Wausau	326,011
314 Main St	Marathon	91,868
8 E Anderson St	Rhineland	70,468
1201 6th St	Wausau	43,008
7205 Stone Ridge Dr	Weston	40,440

<u>Street Address</u>	<u>City</u>	<u>6/30/2018 Deposits (\$000)</u>
9560 Hwy 70	Minocqua	36,346
2904 Rib Mountain Dr	Wausau	37,320
1011 E Wall St	Eagle River	35,569
1255 Lincoln St	Rhineland	31,898

# Market Area Employers



North Central Health Care  
Person centered. Outcome focused.



# Investment Considerations

- ✓ Prolonged Success in Putting Shareholders Capital to Work
  - Returns on Average Tangible Common Equity has averaged 11.33% since 2010
  - ROATCE has exceeded the average of All Commercial Banks with Assets Between \$500M and \$1B and the average of All Wisconsin Banks 9 of the last 11 years
- ✓ We Reward Shareholders with Increased Dividends
  - PSBQ has a record of increasing the annual dividend for 26 consecutive years with a current dividend yield of 1.5%.

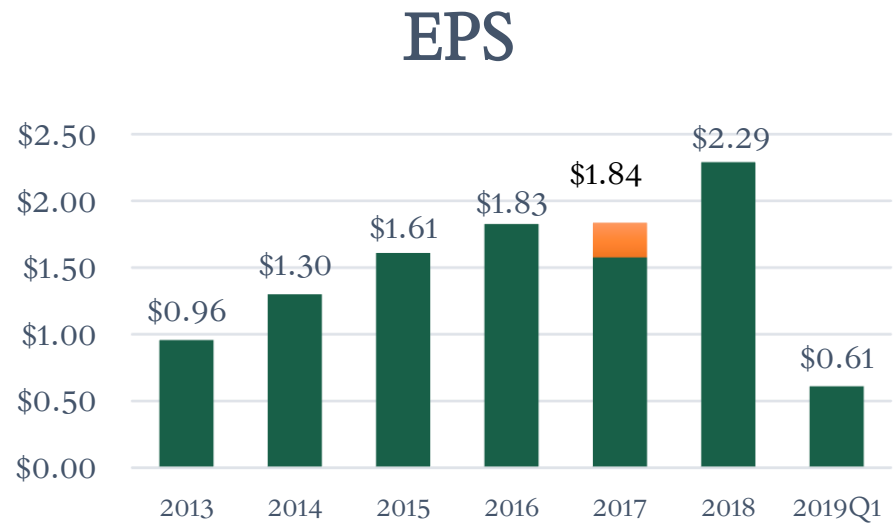
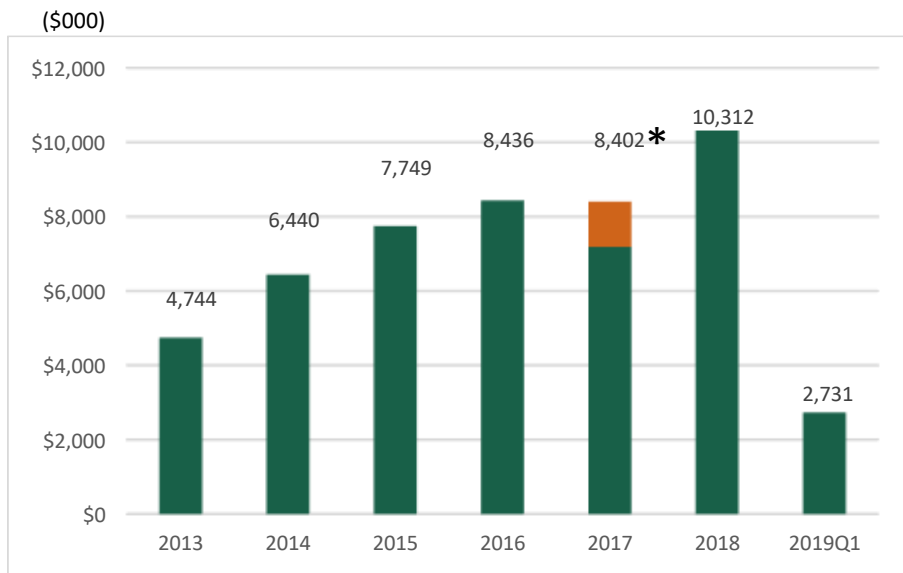


# Investment Considerations Continued

- Stock currently trading at a **large discount on core earnings**. With an emphasis to broaden stock distribution, float and recognition, the discounted price/core earnings ratio is expected to better mirror industry norms.
- **Management** exploring growth opportunities designed to enhance shareholder value.
- **Consistent history of strong earnings** supported by low efficiency ratios, low-costing funds.
- **Strong presence in all branch markets** served with large deposit concentrations; second highest deposit market share in our Northern Wisconsin markets.
- **Net interest margin has remained strong**. Positive net interest gap positions the Company for expanding margins in a rising interest rate environment.
- As a public company, the capital markets can provide **access to additional capital** should merger opportunities emerge.
- The Company has paid **uninterrupted dividends** since its formation in 1995.
- **Credit history** has consistently remained above industry peers.
- The Wisconsin banking market consists of **ample candidates for acquisition roll-ups**. There are 82 banks in WI with assets between \$100M and \$300M



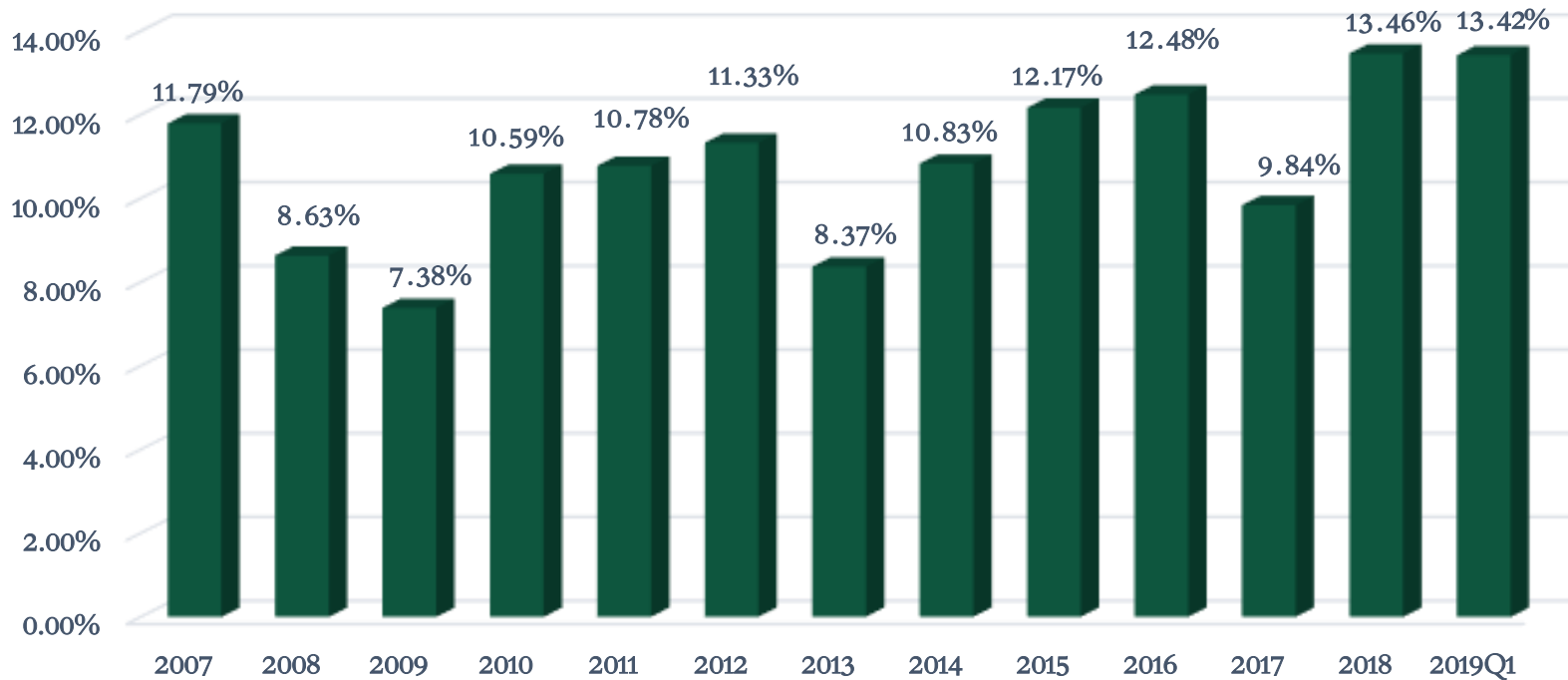
# Strong Net Income Trend



\* Net income adjusted for deferred tax expense associated with the federal tax rate reduction.

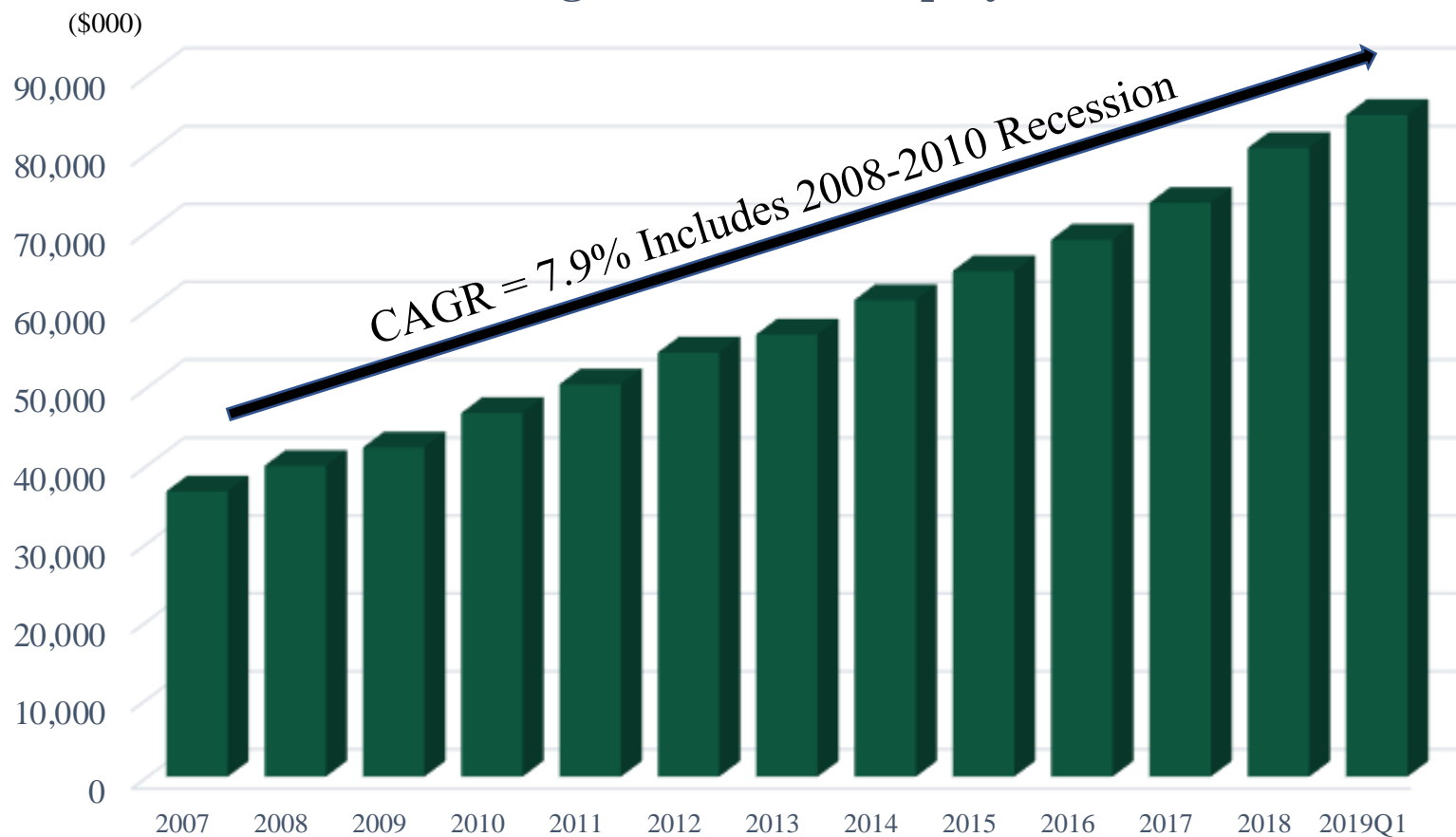
# Return on Average Tangible Capital

Return on Avg Tangible Capital

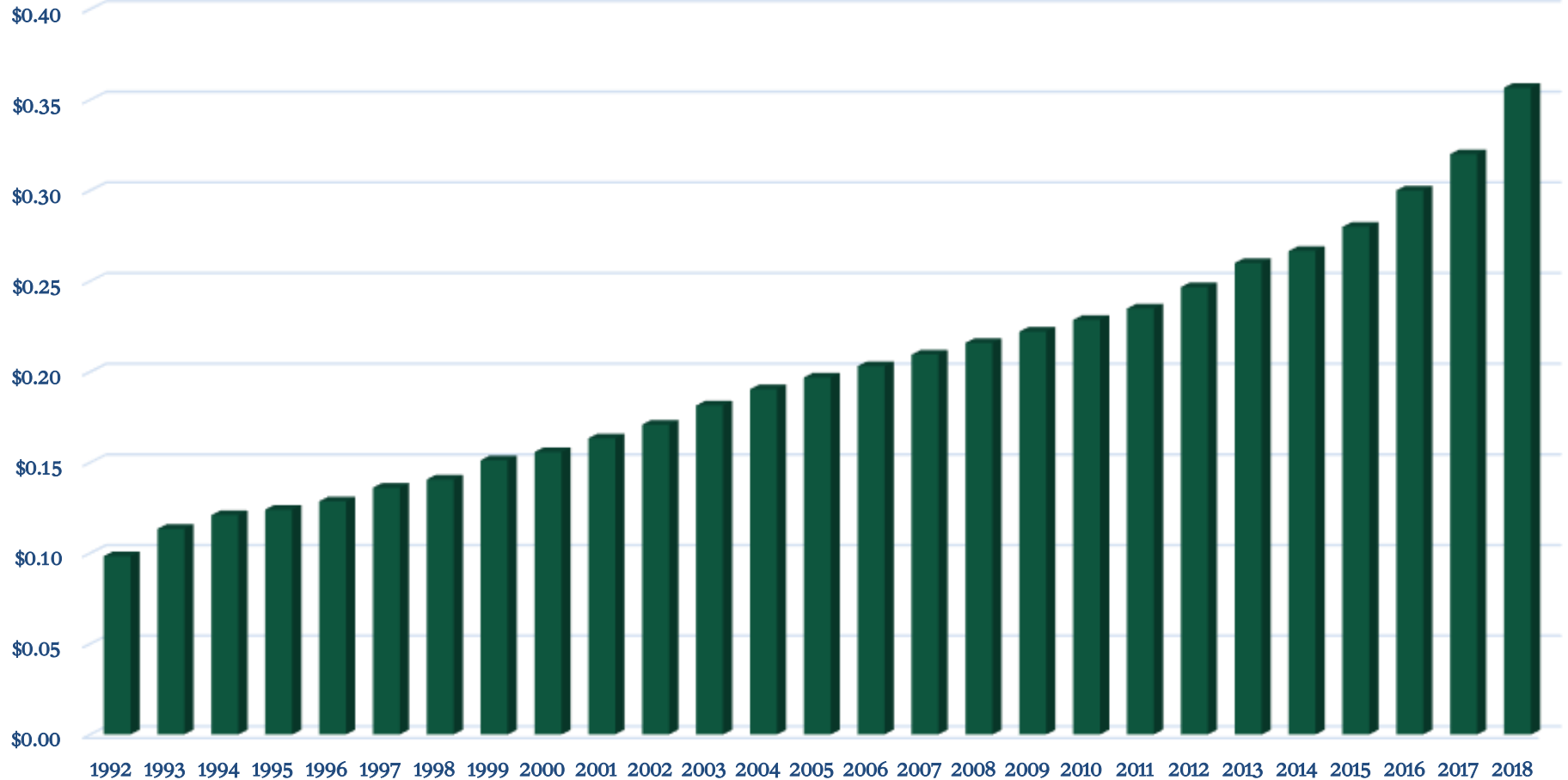


# Tangible Common Equity

Tangible Common Equity

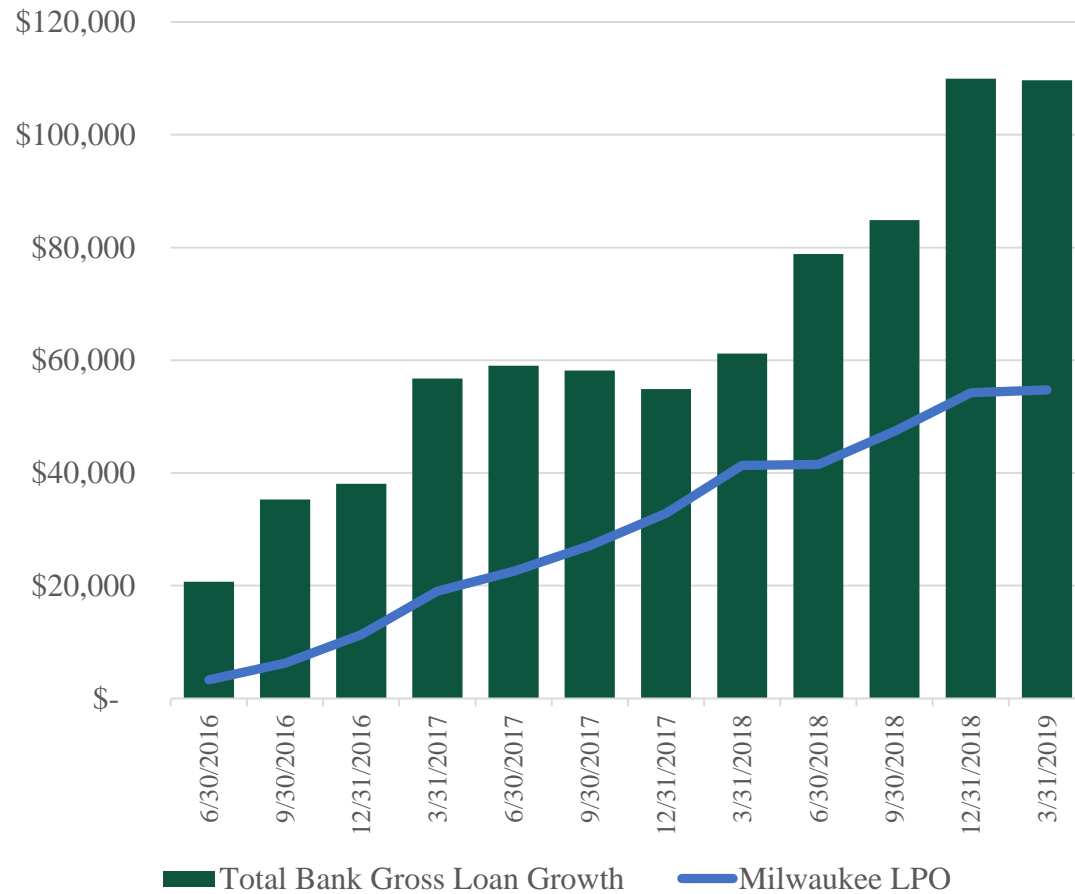


# 26 Years of Consecutive Dividend Increases



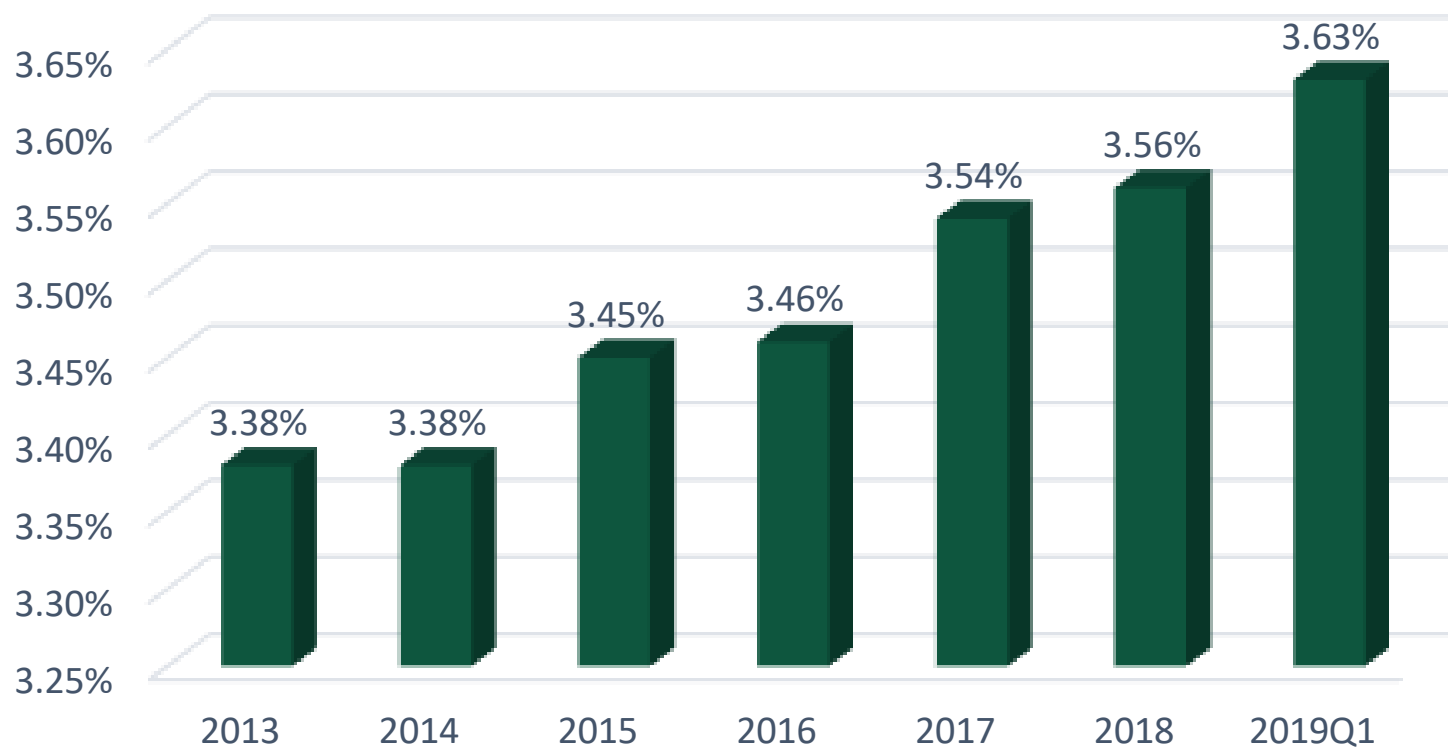
\* Bi-Annual Dividend

# Milwaukee Loan Production Office



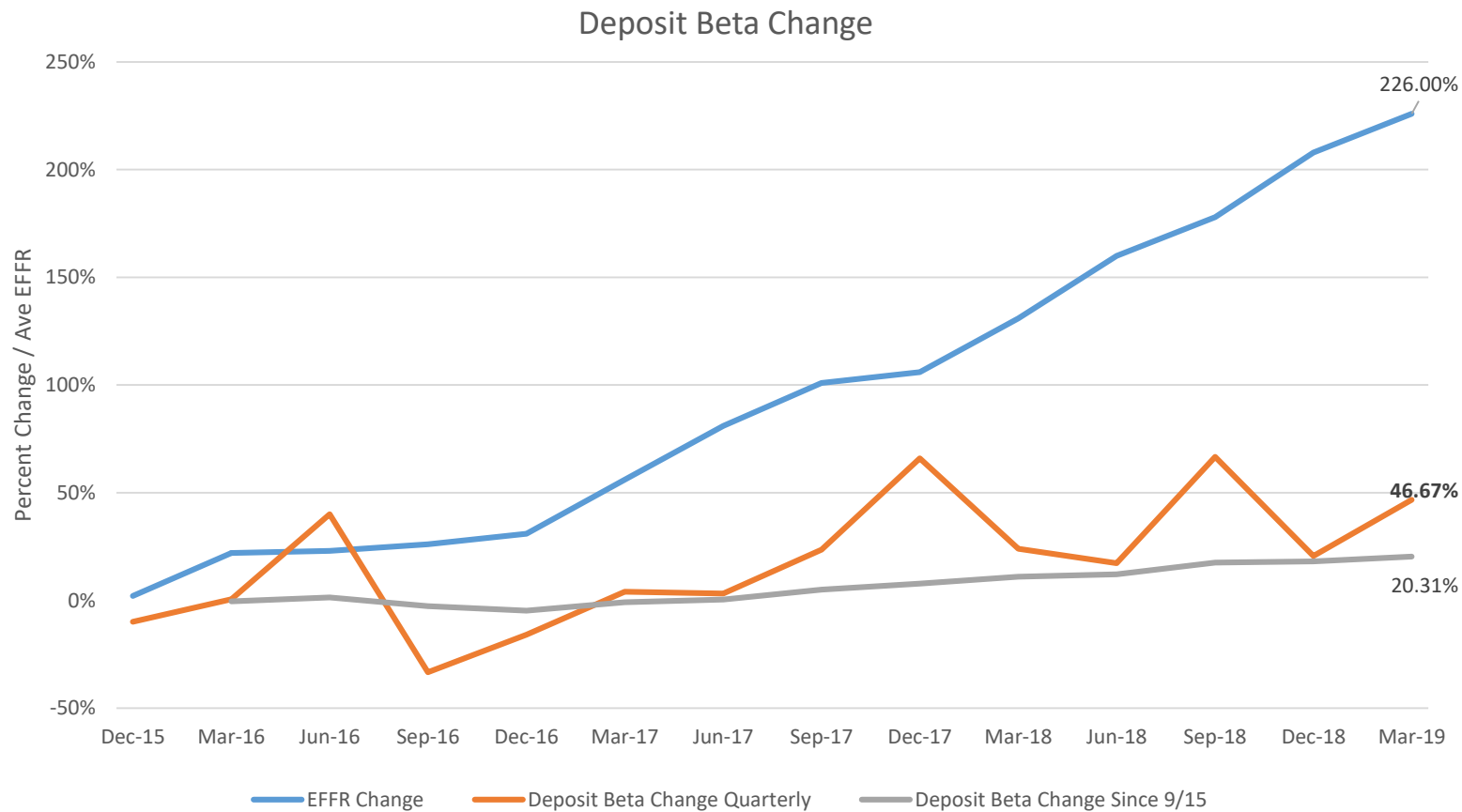
# Net Interest Margin

## Net Interest Margin

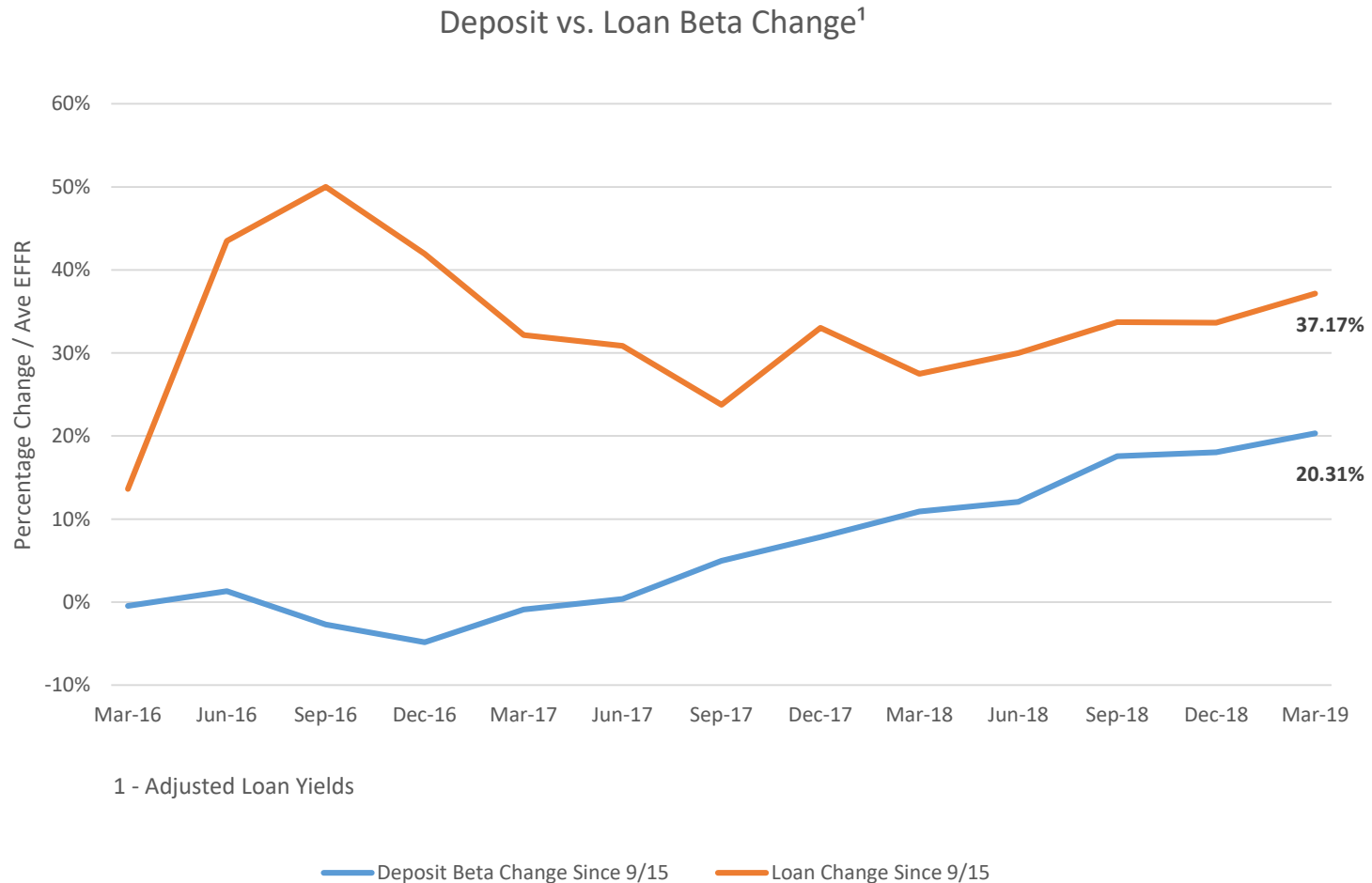


Net Interest Margin is Shown as Tax Equivalent

# Deposit Beta Change

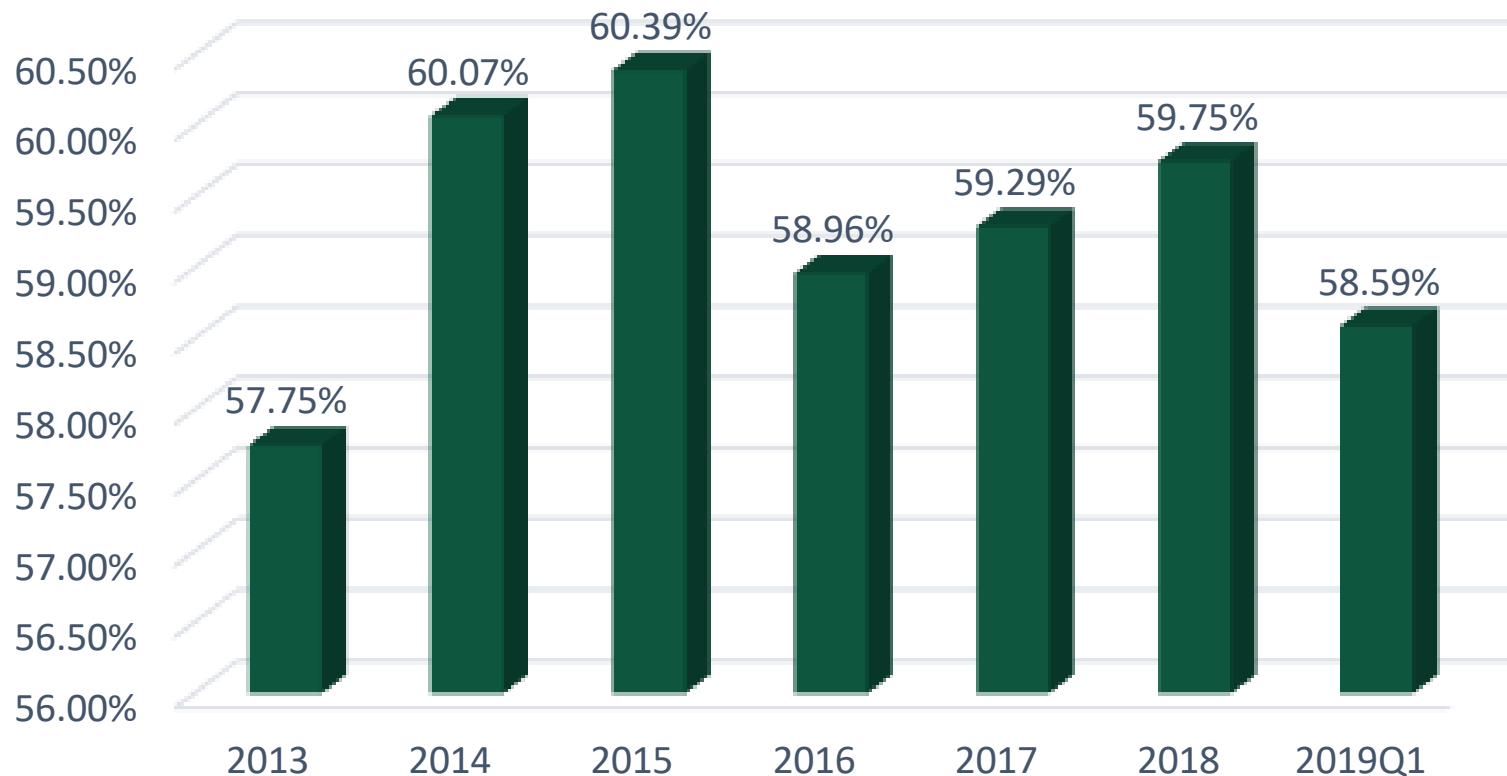


# Deposit vs. Loan Beta Change<sup>1</sup>



# Efficiency Ratio – Operating Exp. to Gross Revenue

## Efficiency Ratio

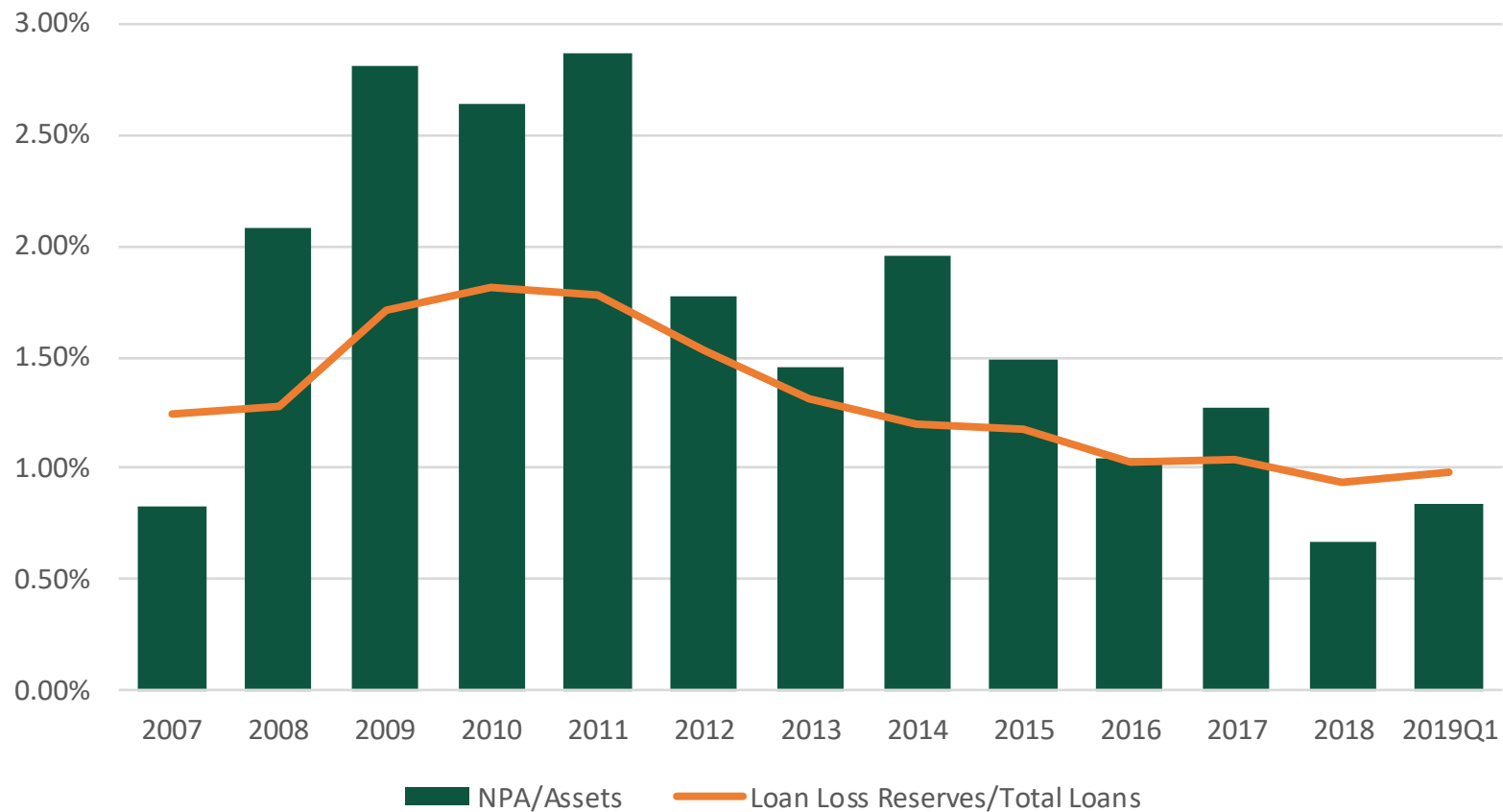


The efficiency ratio for 2019Q1 adjusted for an equity gain was 61.89%.

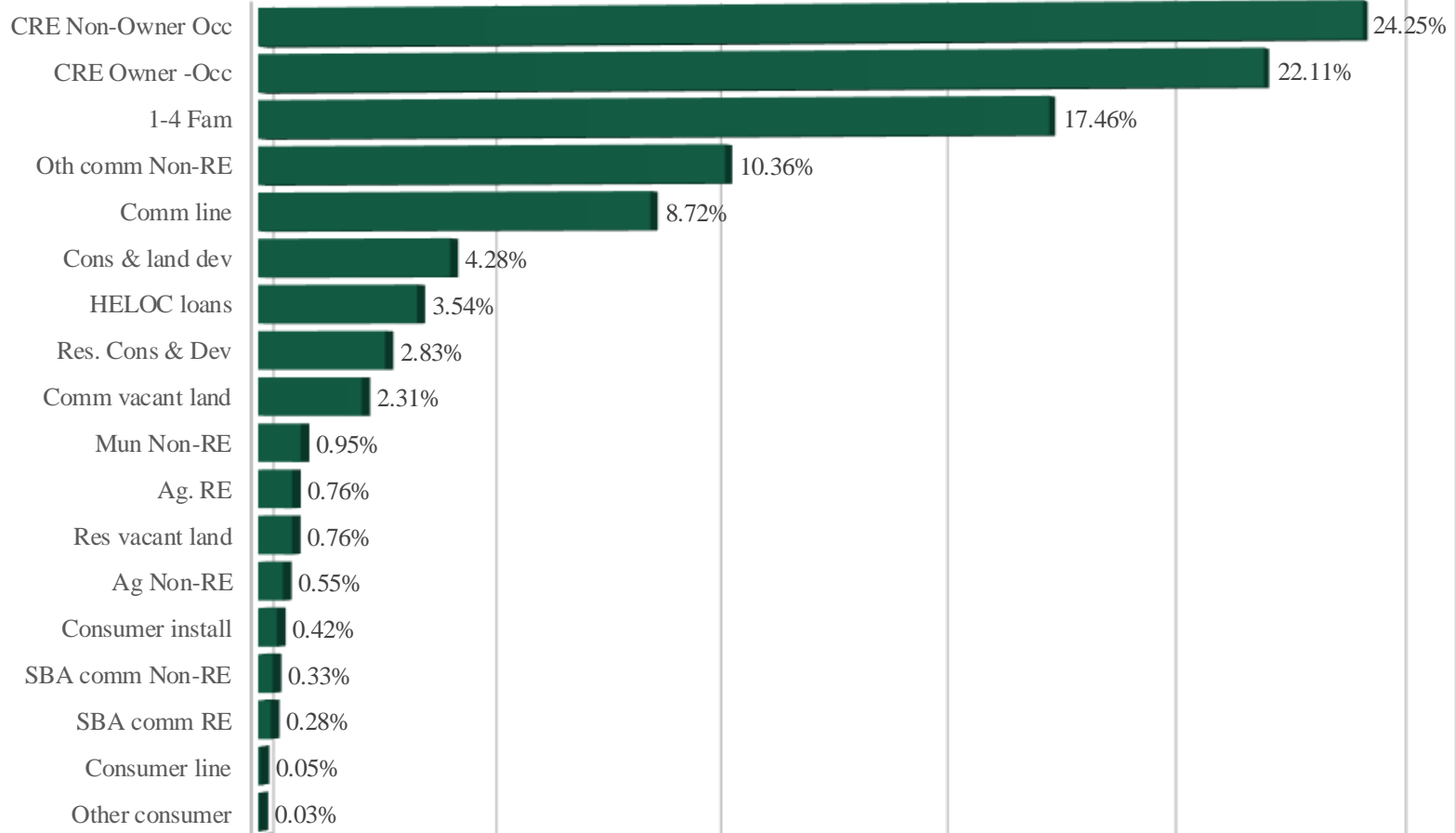
# Strong Asset Quality

Peoples

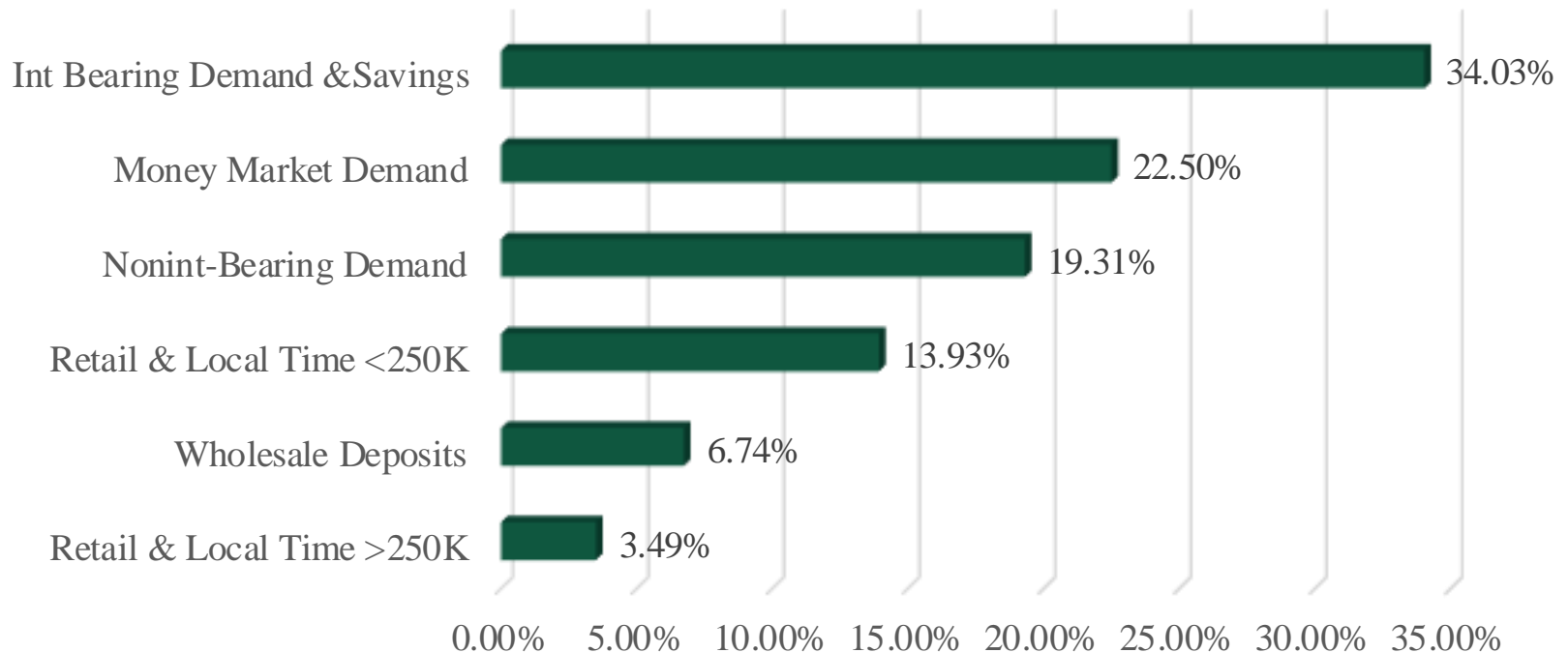
NPA/Assets and Reserves/Total Loans



# Well Diversified Loan Portfolio



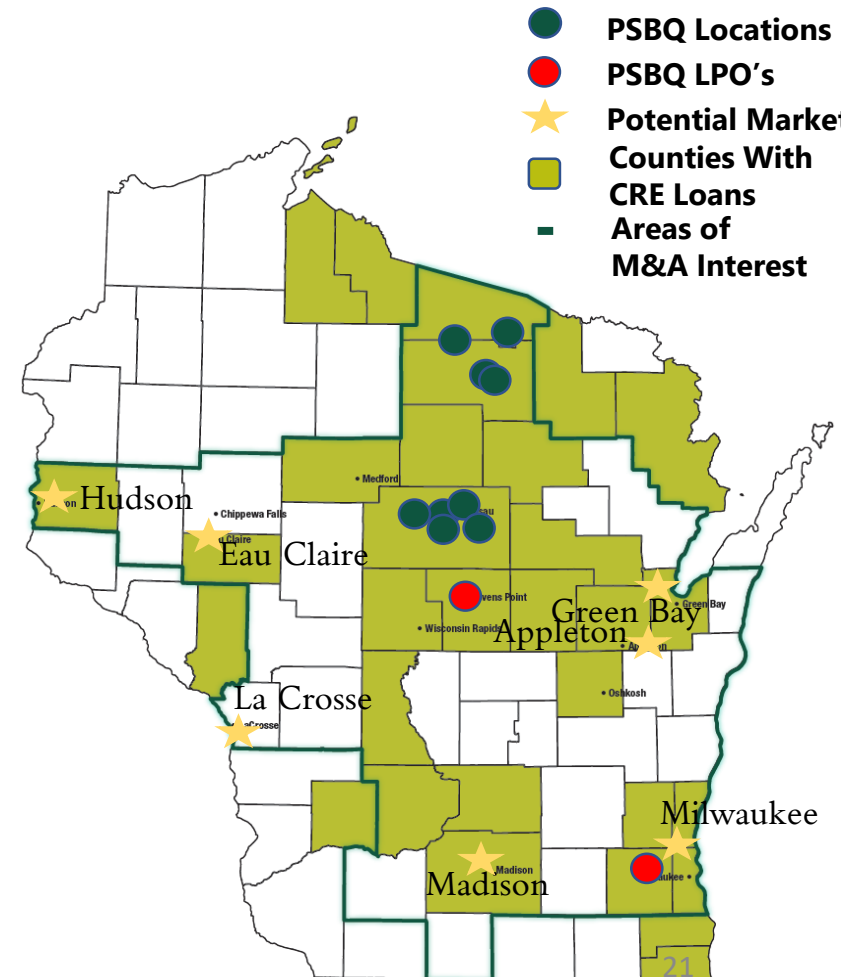
# Deposit Portfolio



# Disciplined Acquisition Strategy

- ❑ Smart consolidation of community banks
  - Providing scale and operating efficiencies
  - Adding experienced and knowledgeable banking talent
  - Opportunity to drive scale and financial performance
- ❑ Maintain disciplined approach
  - Low loan to deposit ratio
  - Low-cost deposit funding
  - Growth markets
  - Compelling noninterest income
- ❑ Improved performance of over-all bank
  - Experienced management with core competencies evaluating, structuring, acquiring and integrating target banks
- ❑ Target markets – Select Wisconsin Markets
  - Major Metropolitan Areas
- ❑ Size Criteria
  - Banks with assets between \$100 million and \$300 million
- ❑ Purchased \$107 million bank in 2012 and \$41 branch in 2014.

## Areas of Potential Acquisition Opportunities



# Cumulative Shareholder Total Return



# Key Data at a Glance

• Total Assets (3/31/2019) in thousands	\$893,763
• Total Loans (3/31/2019) in thousands	\$660,756
• Total Deposits (3/31/2019) in thousands	\$715,387
• Total Tangible Common Equity Capital	\$85,062
• LTM EPS (diluted)	\$2.38
• YTD EPS (annualized)	\$2.44
• ROAA (LTM)	1.22%
• ROATCE (LTM)	13.55%
• Price at 4/30/19	\$23.25
• Tangible Book Value Per Share	\$18.89
• Price/LM EPS	9.77x
• Price/Tangible Book	123.08%
• Dividend Yield	1.55%

# Investment Appeal

- 
- Value investment with core P/E ratio well below peers
  - Extended history of delivering double digit returns on tangible equity
  - Efficient franchise with significant market share presence in each branch market area
  - Ample prospective acquisition roll-up opportunities in WI, subject to accretive pricing
  - Management focused on increasing share liquidity

