



# 2024

## ANNUAL REPORT

Empowering Success Together



Peoples  
STATE BANK

psbholdingsinc.com  
bankpeoples.com

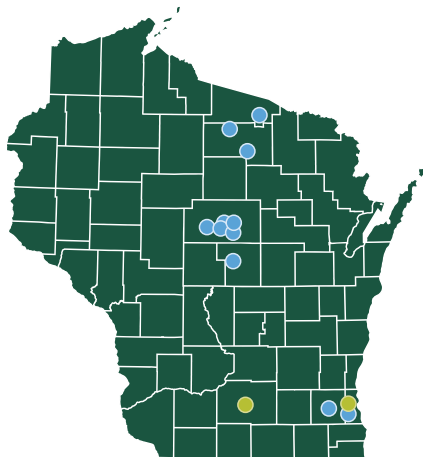
## New Investor Relations Website

Our new PSB Holdings, Inc. site includes enhanced navigation for an improved user experience. Visit the site for information on stock price, dividends, and financial performance.



Scan the QR code to visit.

Serving Wisconsin with 12 full-service bank locations and 1 loan production office.



● New In 2024

# 2024 Annual Report: *Empowering Success Together*

Since 1962, Peoples State Bank has served our customers and communities to support their financial growth in a way that delivers superior shareholder value. Our staff drive our success by earning the trust of our customers as a financial solutions partner. We remain focused on providing a great customer experience with up-to-date technology and products, to build thriving local communities.



# Message from the President

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## Financial Focus

We experienced strong and growing momentum in our financial performance as we moved through 2024, resulting in net income available to common shareholders of \$9.8 million and \$2.37 earnings per share, compared to net income available to common shareholders of \$9.1 million and \$2.16 earnings per share during 2023. Tangible net book value increased 9.0% to \$25.98 per share during 2024, and cash dividends to shareholders were \$0.64 per share, up 6.7% over the prior year. Our stock price achieved new highs during 2024, and closed at \$26.50 per share, up 20% from the prior-year end.

Step by step and quarter by quarter, key profitability measurements improved, with net interest margin increasing from a low of 2.80% early in the year to 2.96% in the final quarter of the year. We continue to move beyond the very low interest rate period that ended during 2022 as our loans regularly mature into today's higher rates, while deposit cost increases have been more fully absorbed. Quickly rising deposit costs during 2023 and 2024 lowered net margin from traditional levels and hurt net income growth. Mortgage banking

income rose 29% in 2024 as moderation in home mortgage rates increased customer demand and new mortgages were larger in size.

We continued to grow sales in our new Small Business Administration (SBA) 7a loan program, where SBA guaranteed loan principal is sold to secondary market investors for a gain. During 2024, SBA sale gains totaled \$405,000, and increased SBA 7a sales volume is expected in 2025. While loan demand eased in 2024 and finished the year flat at \$1.08 billion, total assets increased \$42 million, or 2.9% from purchase of investment securities and increased use of Federal Home Loan Bank advances for liquidity. Deposits increased \$6 million during the year, reaching \$1.15 billion at year end.

We continue to be recognized by our stakeholders for value delivered, including awards for Best Bank and Best Place to Work, which are highlighted later in this report. We surveyed 2,237 customers during 2024 who indicated a 91% satisfaction rate and were 14% more likely to recommend Peoples State Bank to a friend than the typical bank. Thank you for your trust and support.



**Scott M. Cattanach**

President & Chief Executive Officer  
PSB Holdings, Inc. & Peoples State Bank



Dane County Commerical Lending Office



Stewart Avenue Remodel



Downtown Milwaukee Branch

## **Expanding and Renovating our Footprint**

### ***Dane County Commercial Lending Office***

We began 2024 by opening a Dane County commercial lending office in Oregon, WI. This is our first location in Dane County, an area with high growth potential. Since opening, we've added 18 new commercial relationships and originated \$11.9 million of commercial loan principal. The primary focus of this location has been to target the needs of local business owners looking for tailored financial solutions and a consultative approach to fit their cash flow needs and growth goals.

### ***Stewart Avenue Remodel***

In the Spring, we remodeled our Stewart Avenue Wausau retail and lobby area almost 20 years to the day this home office was first built. We accomplished our vision for the space: to provide the best banking experience for our customers and a more effective workspace for our team. This modern location is innovative and inviting and all are welcome to stop in for a delicious cappuccino or hot chocolate!

### ***Downtown Milwaukee Branch***

In July, we opened a new bank branch in downtown Milwaukee near Cathedral Square. The new full service branch and lending office, located at 790 N Jefferson Street, is the bank's third location in southeastern Wisconsin after entering the Milwaukee market with a loan production office in

2016. The new location provides another service option for existing commercial and depository customers and increases brand recognition in the downtown business district for new customer growth. With branches also in West Allis and Waukesha, we are excited about the future of Peoples in metro Milwaukee!

## **Digital Enhancements and New Products**

Our Peoples mobile app is one of the best in the business. This past year, we added a new feature for our retail checking customers, My Credit Manager: A free tool accessible through Peoples online and mobile banking platforms that provides your credit score and history with personalized information and educational resources.

Within our mobile app, you can also Refer a Friend to Peoples and earn up to \$500 a year and some extra spending money for your friend, too.

To protect emerging-credit individuals in our Milwaukee area from predatory lending practices with high interest rates, we partnered with La Casa de Esperanza's Center for Financial Stability to launch a new small dollar loan program. The La Casa loan program aims to address financial hardships with banking access and financial education so individuals can take control of their finances.

During 2024 we introduced the Tap to Pay feature on a newly redesigned Peoples Debit Mastercard. This feature makes the cards more convenient to use and the transactions more secure.

Check out our redesigned investor relations website at psbholdingsinc.com. The website is easier to use and find information on the company’s financial performance, as well as to review current and historical stock prices and dividend information. You may also choose to receive via email our quarterly earnings release and find information on contacts to buy and sell PSBQ common stock shares.

### Investing in Our Team

There’s no denying that we have the best bank staff in our markets. We invest in team building throughout the year, and in 2024, we implemented the Ideal Team Player strategy, which focuses on fostering the attributes of being humble, hungry, and smart. All executives and staff studied the Patrick Lencioni book, The Ideal Team Player: How to Recognize and Cultivate The Three Essential Virtues. Senior leadership led breakout sessions to review key topics, personal experiences, and lessons learned. We are committed to “being on the same page” for great customer service and actions within an engaging work environment.

### Looking Ahead

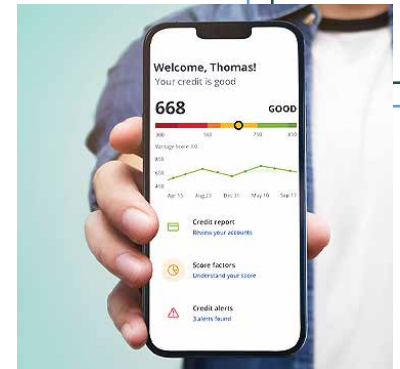
The change in presidential administration and lending interest rates down from last year is reigniting customer loan demand. We believe net interest margin will improve in the coming year, building net income growth momentum that also supports ongoing dividend growth, book value per share growth, and stock buybacks to support shareholder needs.

To conclude, your proxy statement includes a request to approve the addition of new bank directors, Andrea Golvach and Robert Stoehr, as director Bill Fish retires, and we add an additional member to the Board of Directors. Please refer to page 5 to learn about our proposed directors and their experience moving Peoples forward.

We look forward to celebrating with you at our April 15, 2025 annual meeting, and thank you for investing with and utilizing Peoples State Bank for your financial needs.

**Scott M. Cattanach**

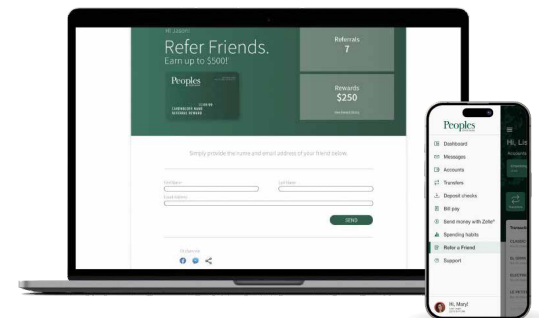
President & CEO  
PSB Holdings, Inc.  
Peoples State Bank



New Peoples mobile app feature, My Credit Manager



Newly redesigned Peoples Debit Mastercard with Tap to Pay feature



New Refer a Friend program

## Bank Awards

*“These awards confirm that Peoples is the place for customers and employees to grow and thrive,” said Scott Cattanach. “We are proud to be the first community bank to achieve these awards in both Marathon and Milwaukee Counties.”*



**Best Banks to Work For**  
American Banker magazine named Peoples one of the nation’s Best Banks to Work For in 2024. It’s the sixth year in a row Peoples has earned this recognition.



**Best of Marathon County**  
Wausau Daily Herald readers voted Peoples the “Best Bank,” “Best Financial Planning Services,” “Best Mortgage Lending Company,” and “Best Place to Work” in Marathon County in 2024. It’s the thirteenth year in a row that Peoples has secured best bank.



**Top Three Finalist of Milwaukee County**  
Milwaukee Journal Sentinel readers voted Peoples a Top Choice Finalist for “Best Bank,” “Best Financial Planning Services,” and “Best Mortgage Lending Company” in Milwaukee County in 2024.

## Peoples Wealth Management Growth

Larson Financial Group, LLC, a well-respected Wausau financial advisory business, joined Peoples State Bank in January 2025. The bank welcomed investment representative David Larson to Peoples State Bank. Larson Financial Group, a Raymond James Financial Services partner, now operates as Peoples Wealth Management. Dave’s office is located at the Stewart Avenue branch in Wausau.



David Larson

“Peoples State Bank is fully committed to our wealth management customers, and this addition will greatly benefit them,” said Scott Cattanach, Peoples State Bank president and CEO. “Raymond James is among the world’s largest and most respected investment firms. Dave, along with our existing advisement team of Scott Wildman, Dana Kolbe, Bryan Nill, and Connie Higgins, will continue providing experienced investment advice and independent financial and retirement planning to our clients.”

“This growth and strengthening of our Peoples Wealth Management division will help ensure our ability to

expand our investment services portfolio and better service clients for years to come,” said Jeffrey Saxton, Peoples State Bank executive vice president and retail banking group leader.

“I am excited about joining Peoples Wealth Management,” said Larson. “Peoples is a reputable and well-respected financial institution. My clients experienced a smooth transition and will continue to receive tailored financial planning with our personalized, dedicated support and guidance every step of the way.”

Securities offered through Raymond James Financial Services, Inc., member FINRA/SIPC, and are not insured by bank insurance, the FDIC or any other government agency, are not deposits or obligations of the bank, are not guaranteed by the bank, and are subject to risks, including the possible loss of principal. Peoples Wealth Management and Peoples State Bank are not registered broker/dealers, and are independent of Raymond James Financial Services. Investment Advisory Services offered through Raymond James Financial Services Advisors, Inc.

# Peoples

STATE BANK



From left: Jeffery Wickersham, Karla Kieffer, William Fish, Timothy Kilgore, Scott Cattnach, George Fahr, Kevin Kraft, Corey Vanderpoel, Patricia Hanz  
Not pictured: Lyn Falk

## Board of Directors

### **Scott M. Cattnach**

*President & CEO*

PSB Holdings, Inc. & Peoples State Bank

### **George E. Fahr**

*Director of Business Development & Founder*

Digicorp, Inc.

### **Lyn M. Falk**

*President & Founder*

Retailworks, Inc.

### **William J. Fish**

*Retired*

*President of BILCO, Inc.*

### **Patricia M. Hanz**

*Retired*

*Briggs & Stratton*

U.S. Consumer Product Safety Commission

### **Karla M. Kieffer**

*Retired Vice President Sales & Marketing*

SUN Printing

### **Timothy A. Kilgore**

*Retired*

*President of Sales*

Greenheck Fan Corporation

### **Kevin J. Kraft**

*Chairman of PSB Holdings, Inc. & Peoples State Bank*

Managing Director of Wisconsin River Partners, LLC

### **Corey B. Vanderpoel**

*Managing Director & Owner*

Taureau Group, LLC

### **Jeffery J. Wickersham**

*Owner*

Wickersham Jewelers

*We welcome prospective board members Andrea Golvach and Robert Stoehr.*



Andrea L. Golvach

*Andrea* is the retired vice president and treasurer of Briggs & Stratton. Her significant experience with capital structure, mergers and acquisitions, and building stakeholder relationships to drive long-term growth and stability will advise PSB Holdings, Inc. capital needs.



Robert D. Stoehr

*Robert* has been with County Materials Corporation of Marathon City for 29 years, currently serving as the chief financial and operating officer. Bob's expertise in capital management, financial ventures, and operational innovation will be valuable for driving profitable growth.

## Board Retirement



Bill Fish

A special "thank you" to Bill Fish on his retirement from the PSB Holdings, Inc. board of directors at this shareholder annual meeting. Bill joined the bank and holding company board of directors in April 1995 and assumed the role of chairman in April 2012. Bill is the retired President of BILCO, Inc. (McDonald's franchisee).

# Peoples

From left: Tina Seidl, Robert McPherson, Katie Tolokken, Scott Cattanach, Erik Rajek, Jeffrey Saxton, Jessica Brown

## The Executive Management Team

Working together on a common goal, Peoples' Executive Management Team is responsible for ensuring the board's directives are achieved and providing success for our customers, employees, and shareholders.

### **Scott Cattanach**

*President | Chief Executive Officer*

### **Jessica Brown**

*Executive Vice President | Chief Financial Officer*

### **Robert McPherson**

*Executive Vice President | Risk Management*

### **Erik Rajek**

*Executive Vice President | Commercial Banking Group Leader*

### **Jeffrey Saxton**

*Executive Vice President | Retail Banking Group Leader*

### **Tina Seidl**

*Executive Vice President | Human Resources Director*

### **Katie Tolokken**

*Executive Vice President | Chief Operating Officer*

## Retirements

Community banking is a people business, and we recognize our colleagues who retired this past year with 15 years or more of Peoples service!



*Jacqueline Kell*

25 years



*Charlotte Ludkey*

24 years



*Dawn Abreu*

19 years

*Kathleen Klockziem*

17 years



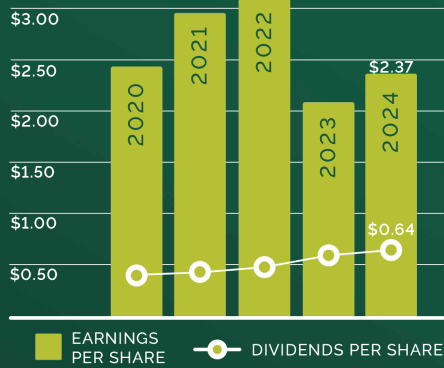
# Giving Back

Peoples State Bank gives back time, talent, and dollars each year to needs in the communities where our banks are located. We proudly support essential community efforts with over a quarter of a million dollars in annual sponsorships, charitable contributions, and in-kind donations to local non-profit organizations, schools, service organizations, and others.

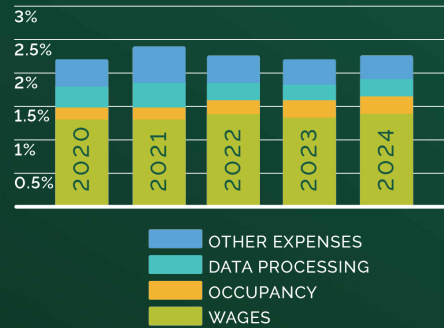
Our employees volunteered 5,225 hours of community service during 2024. Many of our bank associates hold leadership roles in civic, education, youth, economic, housing, cultural, health, and human service organizations that positively impact our communities. Beyond financial products and services, we help our neighbors and grow our communities through active participation.



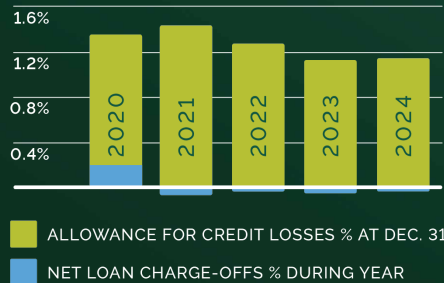
Earnings and Dividends per Share



Operating Expenses to Average Assets



Allowance for Credit Losses &amp; Charge-offs to Gross Loans



## Summary of Statements of Income

Years ended December 31 (dollars in thousands, except per share data)

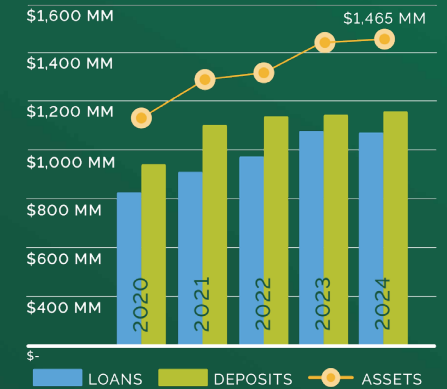
	2024	2023	2022	2021	2020
Net interest income	\$38,983	\$38,692	\$40,003	\$38,601	\$31,879
Provision for credit losses	195	450	-	1,000	5,575
Net interest income after provision for credit loss	38,788	38,242	40,003	37,601	26,304
Noninterest income	6,070	6,720	7,444	9,418	11,413
Operating expenses	32,873	30,548	29,516	30,110	23,744
Net income before income taxes	11,985	14,414	17,931	16,909	13,973
Provision for income taxes	1,696	4,845	4,294	4,092	3,284
<b>NET INCOME</b>	<b>\$10,289</b>	<b>\$9,569</b>	<b>\$13,637</b>	<b>\$12,817</b>	<b>\$10,689</b>
Preferred stock dividends declared	\$486	\$486	\$81	-	-
Net income available to common shareholders	\$9,803	\$9,083	\$13,556	\$12,817	\$10,689
Diluted earnings per share	\$2.37	\$2.16	\$3.07	\$2.88	\$2.40
Cash dividends per share	\$0.64	\$0.60	\$0.50	\$0.46	\$0.42
Return on average assets	0.71%	0.69%	1.05%	1.03%	1.01%
Return on average tangible common equity	9.57%	9.65%	14.08%	11.94%	10.83%

# Summary of Balance Sheets

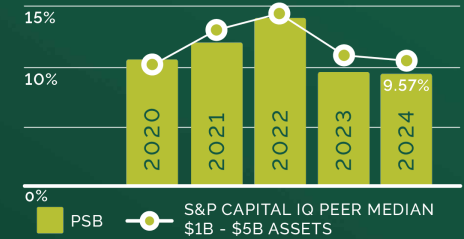
As of December 31 (dollars in thousands, except per share data)

ASSETS	2024	2023	2022	2021	2020
Cash and cash equivalents	\$40,498	\$27,780	\$29,409	\$53,543	\$38,528
Securities and certificates of deposit	278,616	252,579	282,045	310,690	229,527
Loans receivable, net	1,078,421	1,078,705	961,865	876,337	820,956
Premises and equipment	13,805	13,098	13,164	12,695	10,920
Other assets	54,616	51,938	51,206	45,446	32,024
<b>TOTAL ASSETS</b>	<b>\$1,465,956</b>	<b>\$1,424,100</b>	<b>\$1,337,689</b>	<b>\$1,298,711</b>	<b>\$1,131,955</b>
LIABILITIES	2024	2023	2022	2021	2020
Deposits	\$1,147,349	\$1,141,802	\$1,148,755	\$1,105,240	\$932,137
Federal Home Loan Bank advances	162,250	134,000	43,000	47,000	62,000
Other borrowings	6,872	8,058	12,985	6,677	12,239
Senior subordinated notes	4,781	4,774	5,549	2,500	2,500
Junior subordinated debentures	13,023	12,921	12,819	12,717	7,732
Other liabilities	15,395	13,258	12,639	13,315	10,920
Stockholders' equity	116,286	109,287	101,942	111,262	104,427
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>\$1,465,956</b>	<b>\$1,424,100</b>	<b>\$1,337,689</b>	<b>\$1,298,711</b>	<b>\$1,131,955</b>
Common shares outstanding at year end	4,092,977	4,164,735	4,297,279	4,440,329	4,452,287
Tangible net book value per share	\$25.98	\$23.84	\$21.37	\$24.36	\$23.43

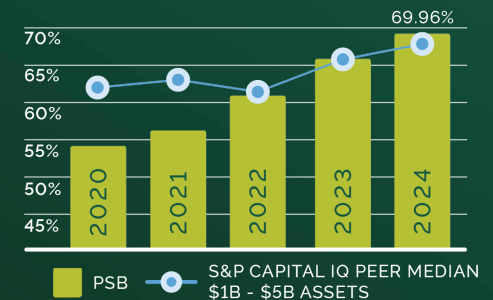
Total Assets, Loans, and Deposits - December 31



Return on Average Tangible Common Equity vs. Peer



Efficiency Ratio\* vs. Peer



\*Operating expenses as a % of revenue



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