

# 2025 Annual Shareholder Meeting

4.15.2025

# Agenda

- Chairman's Welcome
- 2024 Growth and Financial Review
- 2025-2028 Strategic Plan
- Business Meeting
- Questions & Answers
- Meeting Adjournment
- Refreshments



# Kevin J. Kraft

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Chairman  
PSB Holdings, Inc.  
Peoples State Bank



# Scott M. Cattanach

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President & CEO  
PSB Holdings, Inc.  
Peoples State Bank

## 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.

# 2024 Growth and Investments

# A Year of Transition

- Quarterly Improvements in Key Measurements
  - Net Interest Margin
  - Efficiency Ratio
  - Return on Equity
  - Tangible Book Value per Share
- Stock Price Return to Above Book Value Level
- Earnings Continue to Recover from Dramatic Interest Rate Increases during 2022-2024, which Increased Deposit Costs much Faster than Fixed Rate Loan Yields

# Share Price Movement & Volume





# 2024 Strategic Highlights

## Downtown Milwaukee Branch



# 2024 Strategic Highlights

## Stewart Avenue Remodel

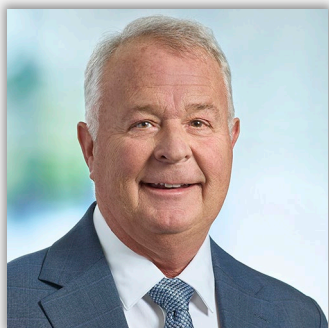




# 2024 Strategic Highlights

**Peoples**  
WEALTH MANAGEMENT

**RAYMOND JAMES**



**Dave Larson**



**Scott  
Wildman**



**Dana Kolbe**



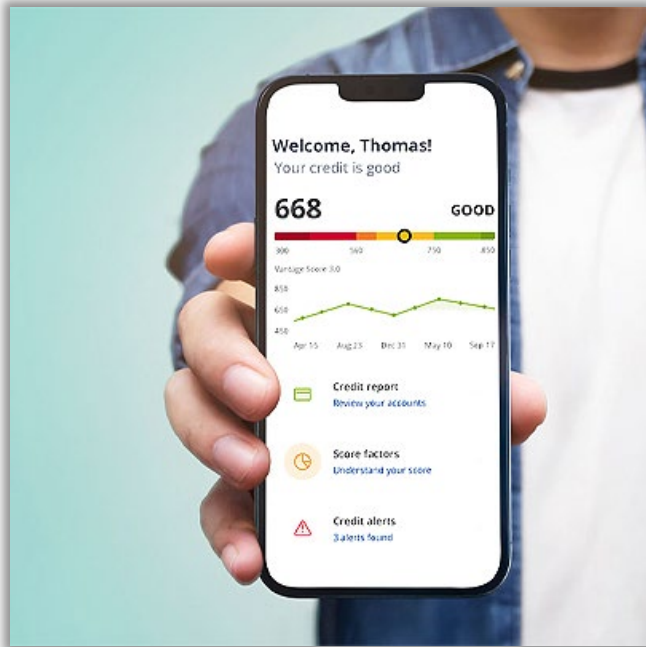
**Connie  
Higgins**



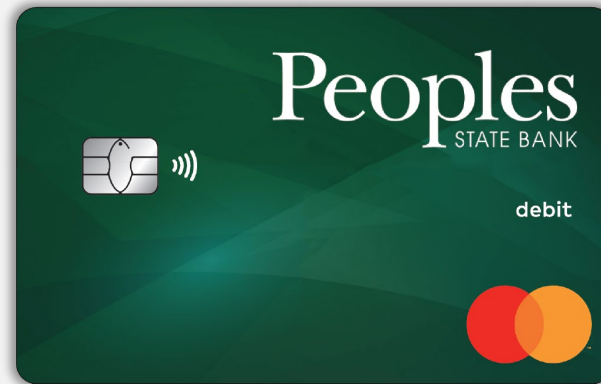
**Bryan Nill**

# 2024 Strategic Highlights

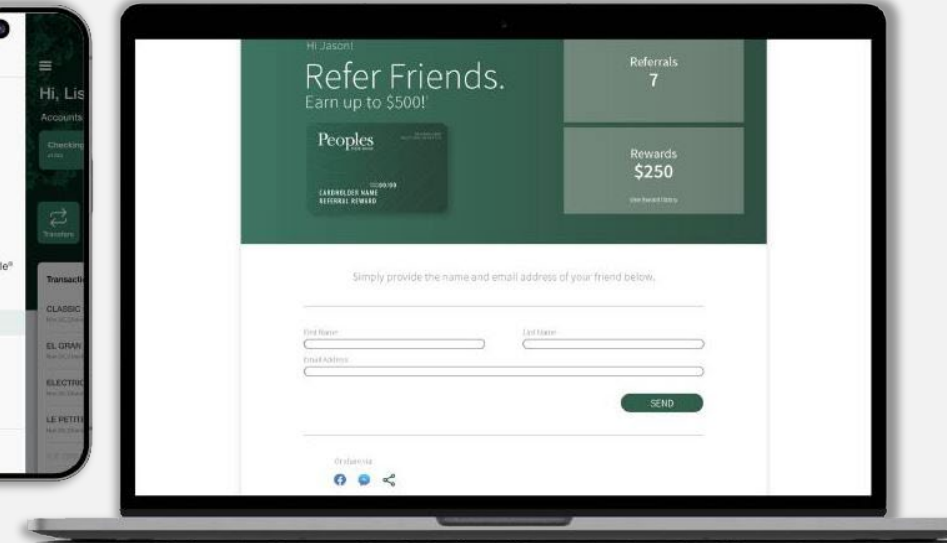
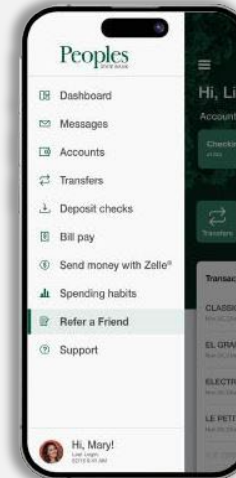
## Digital Enhancements & New Products



**My Credit Manager**



**Tap to Pay**



**Refer a Friend Program**

Peoples  
STATE BANK

# Focusing on the Future





# Board of Directors

**Retiring**



**William J. Fish**

**Joined in 2024-2025**



**Timothy A. Kilgore**



**Jeffery J. Wickersham**

# Board of Directors

**Proposed**



**Andrea L. Golvach**



**Robert D. Stoehr**





# Jessica M. Brown

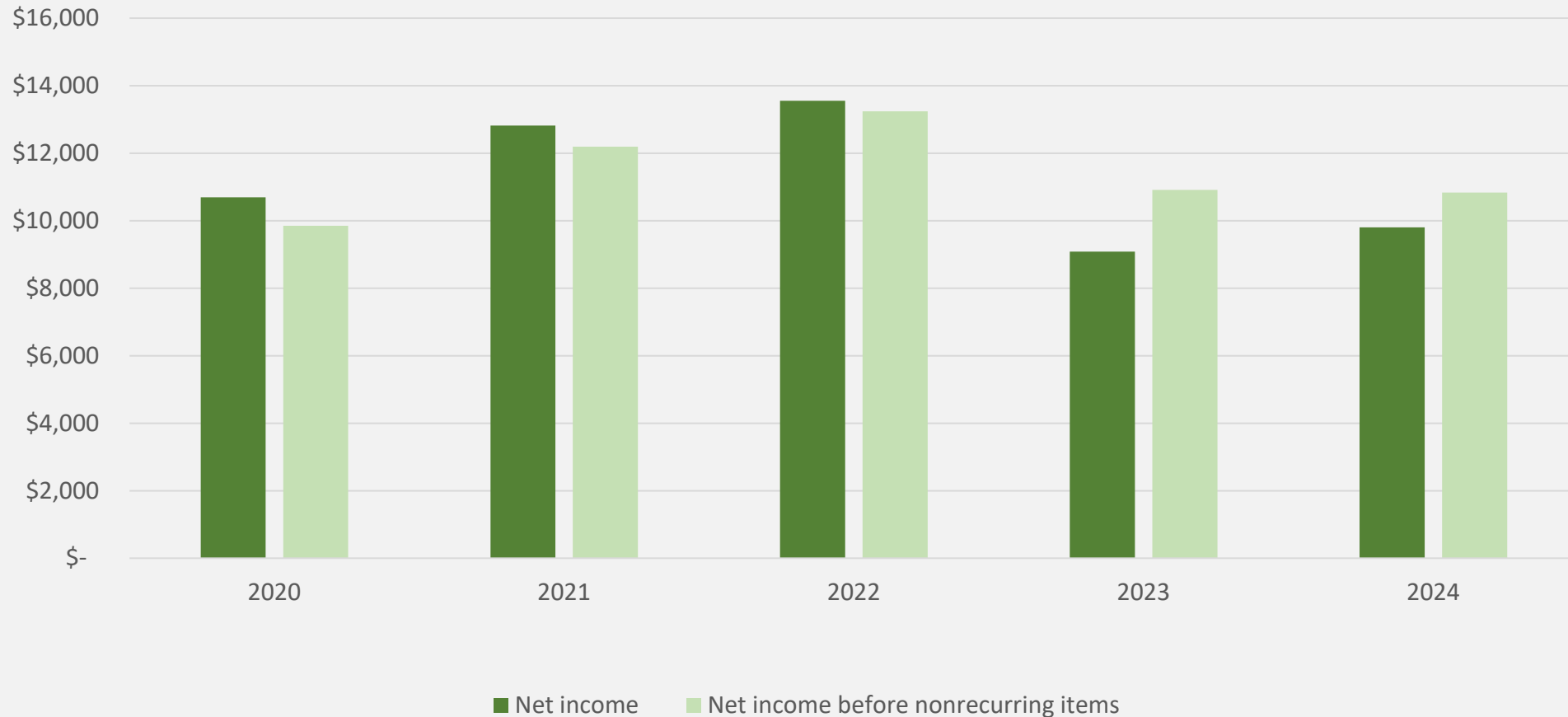
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Executive Vice President  
Chief Financial Officer  
Peoples State Bank

# Historical Net Income & Earnings Per Share

# Net Income Growth

## Before & After Special Items (\$'000s)



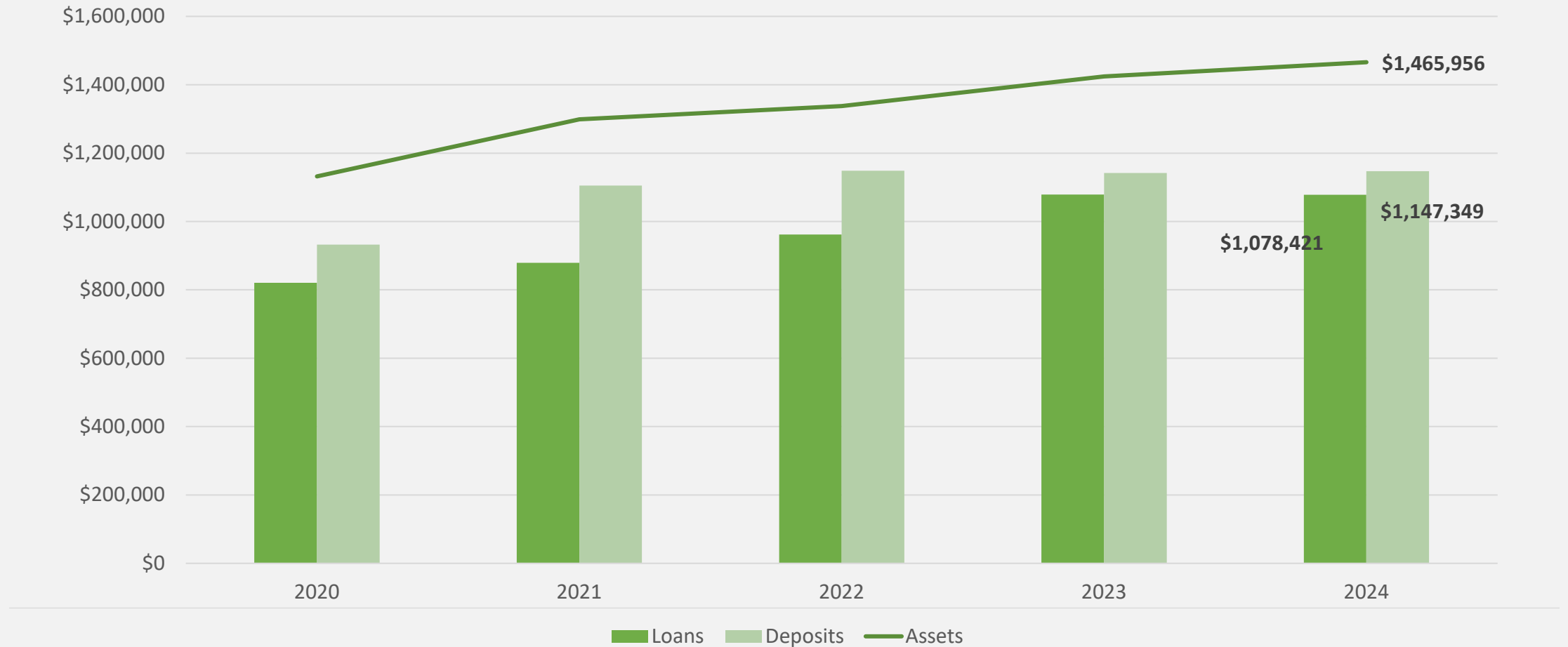
# Diluted Earnings & Dividends Per Share



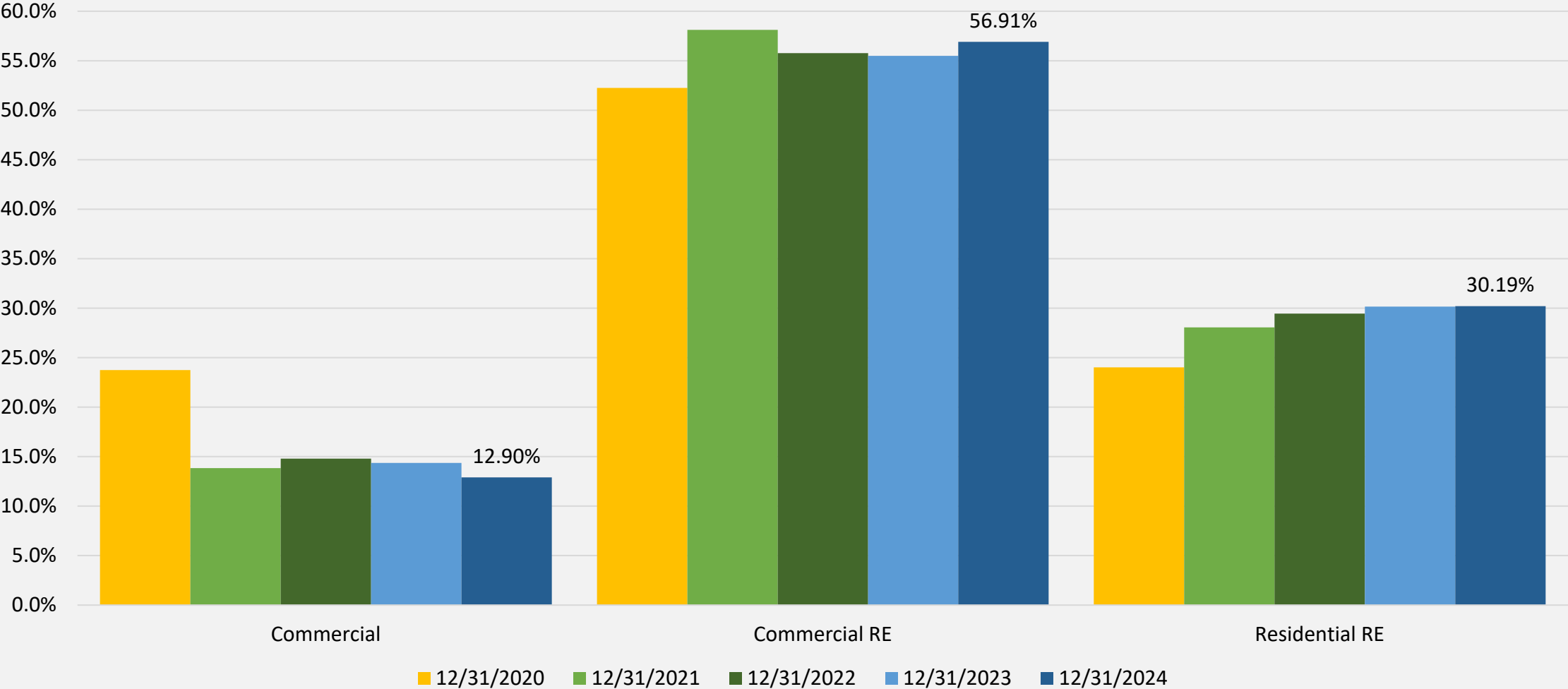
# Balance Sheet Growth & Composition

# Total Assets, Loans, & Deposits

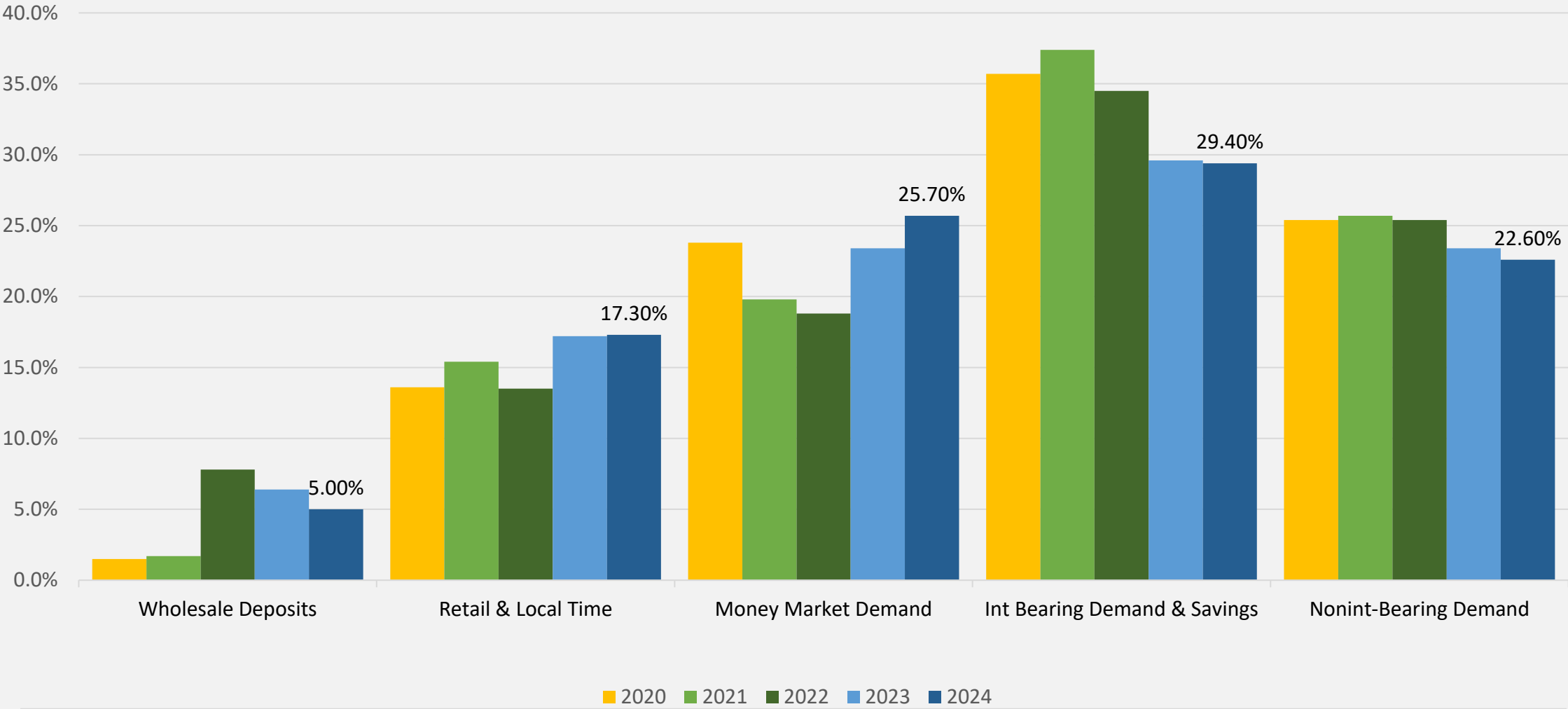
As of December 31, 2024 (in \$000s)



# Loan Composition



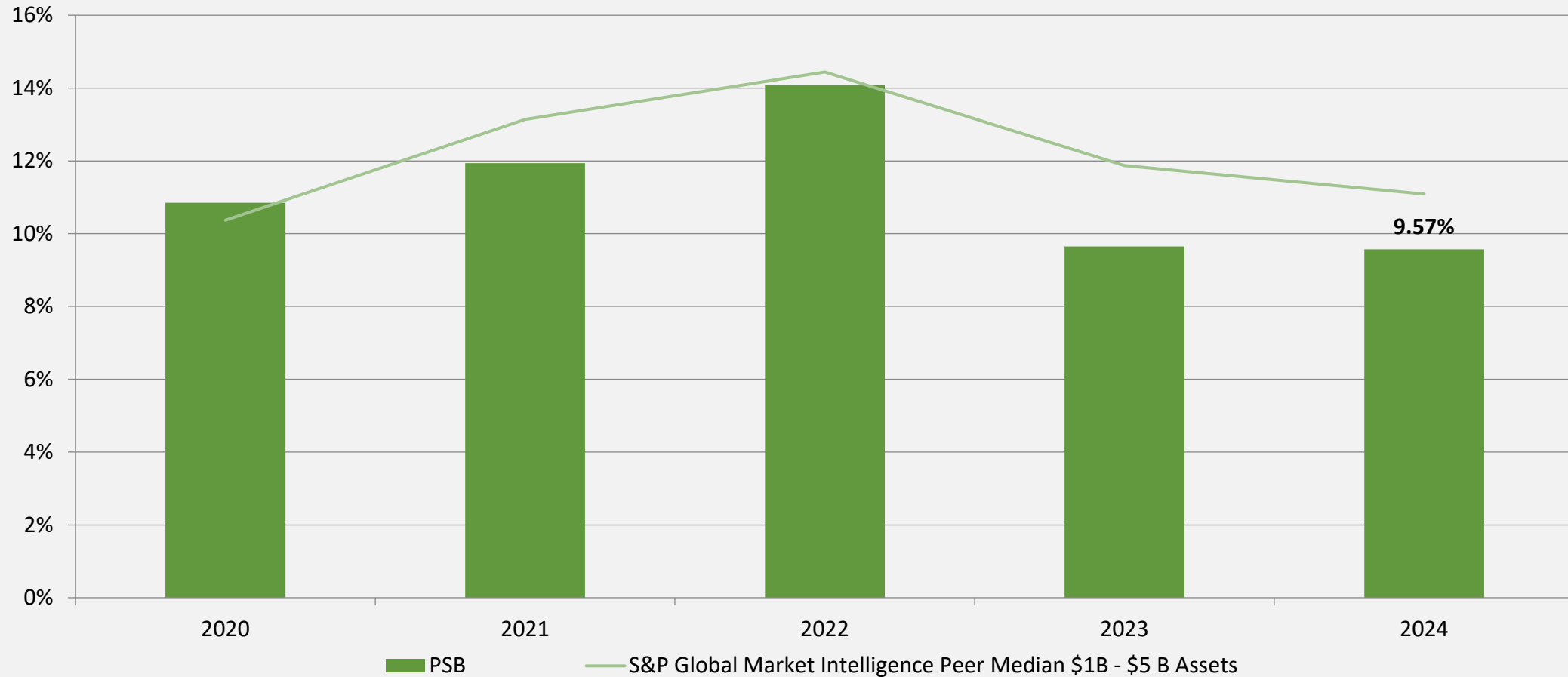
# Deposit Composition





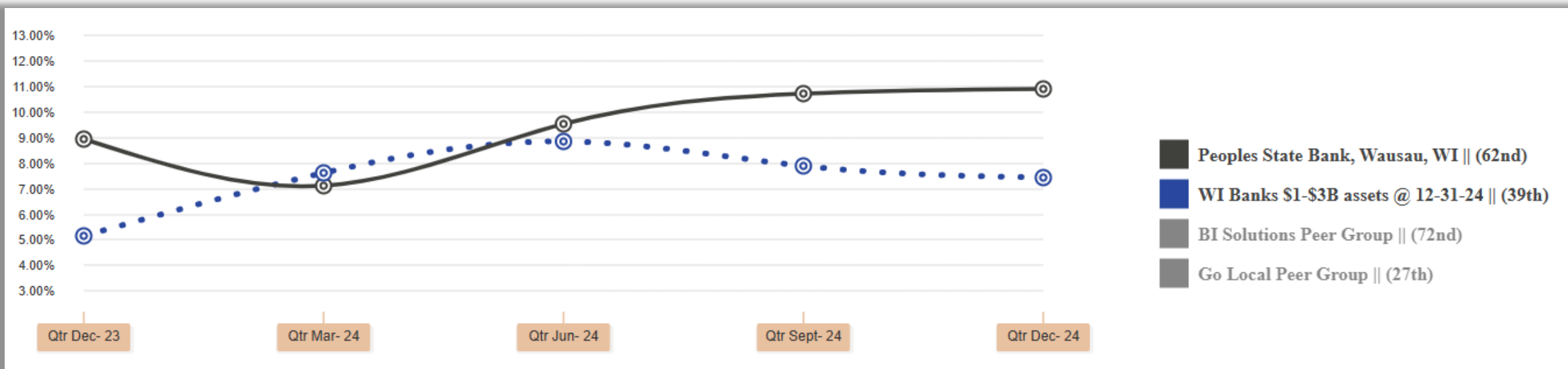
# Results Compared to Peer Banks

# Return on Average Tangible Common Equity vs. National Peer



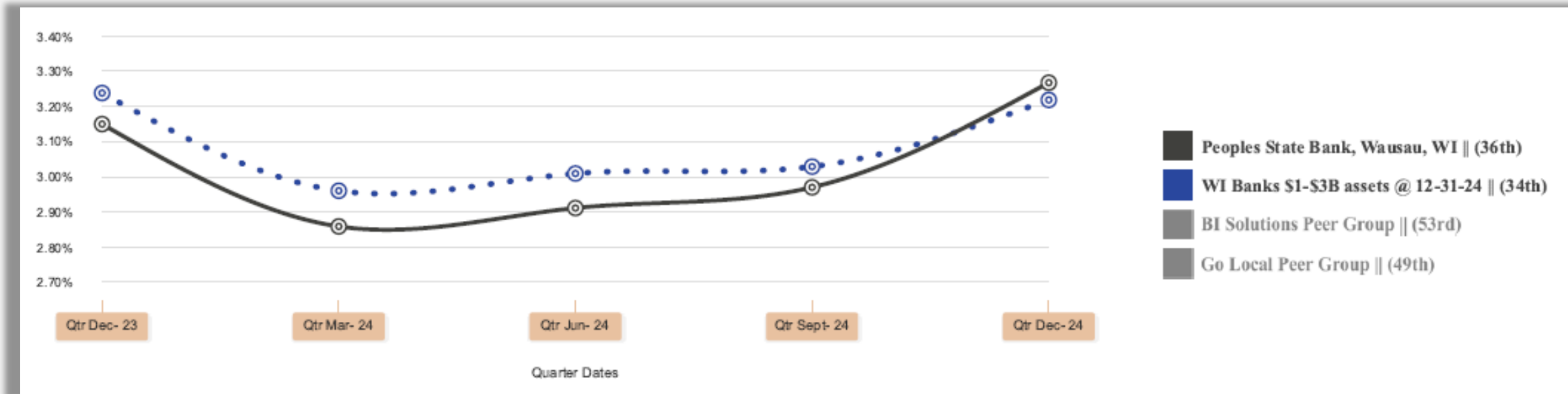
Peers include all publicly-traded financial institutions with assets between \$1.0 billion and \$5.0 billion at 12/31/2024

# Return on Equity vs. Local Peer – 5 Quarters



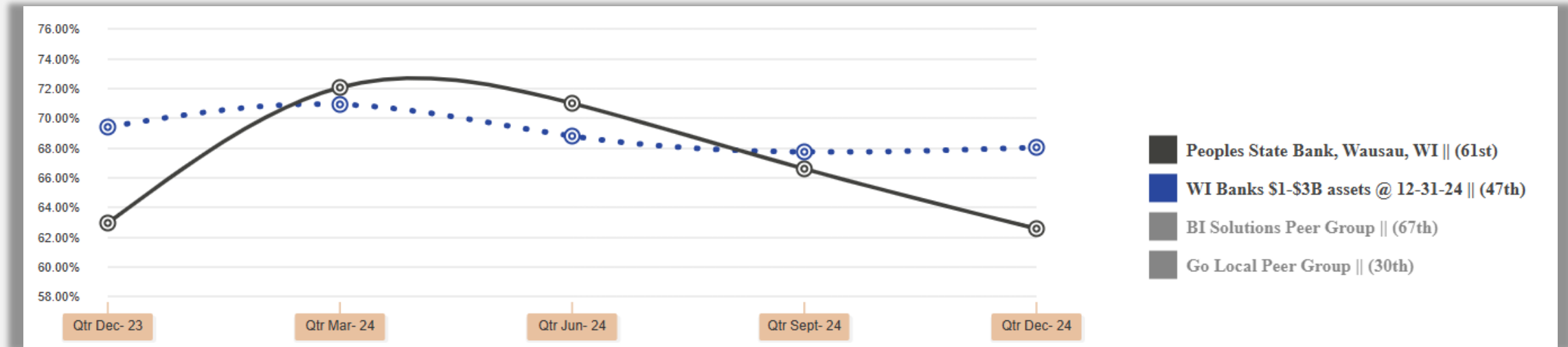
Peers include Wisconsin-based financial institutions with assets between \$1.0 billion and \$3.0 billion at 12/31/2024

# Net Interest Margin vs. Local Peer – 5 Quarters



Peers include Wisconsin-based financial institutions with assets between \$1.0 billion and \$3.0 billion at 12/31/2024

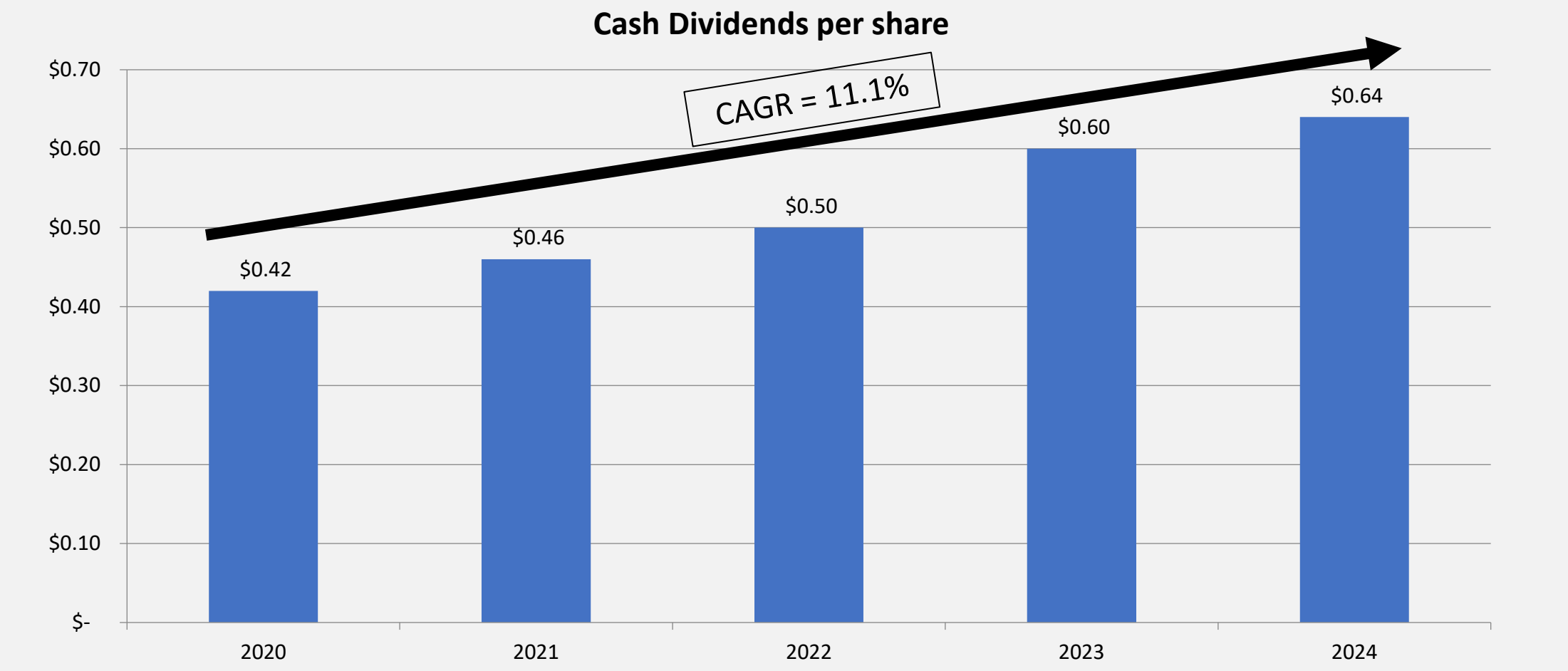
# Efficiency Ratio vs. Local Peer – 5 Quarters



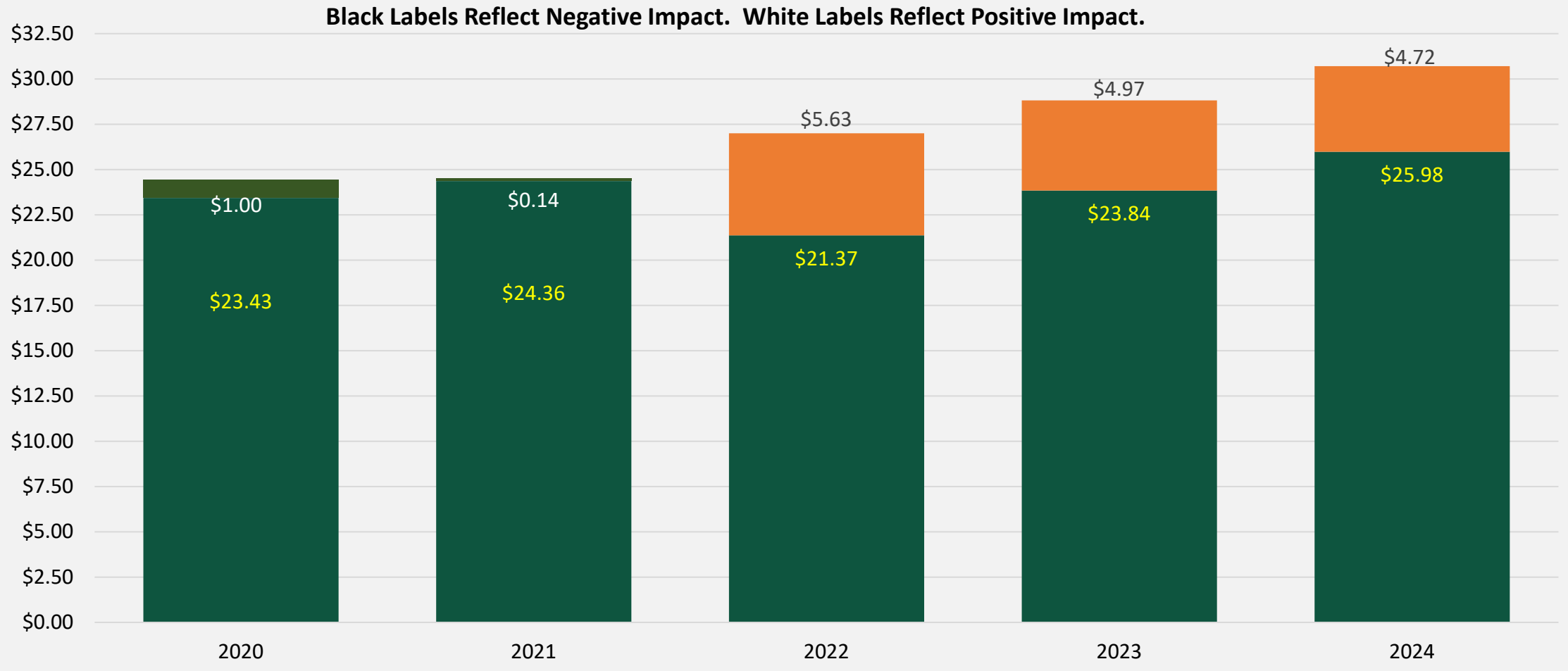
Peers include Wisconsin-based financial institutions with assets between \$1.0 billion and \$3.0 billion at 12/31/2024

# Measuring Shareholder Return

# Annualized Dividends per Share



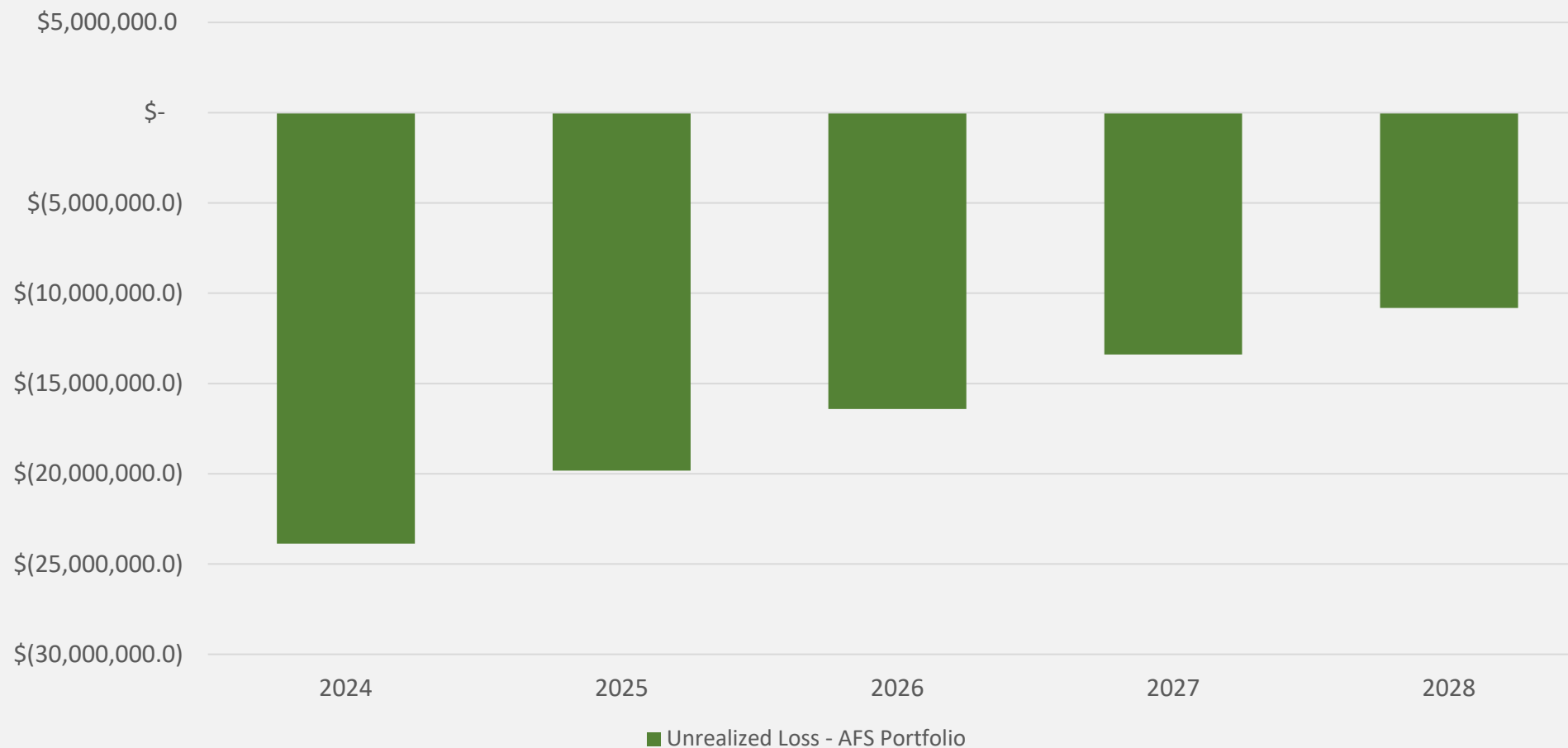
# Tangible Book Value per Share and AOCI Impact



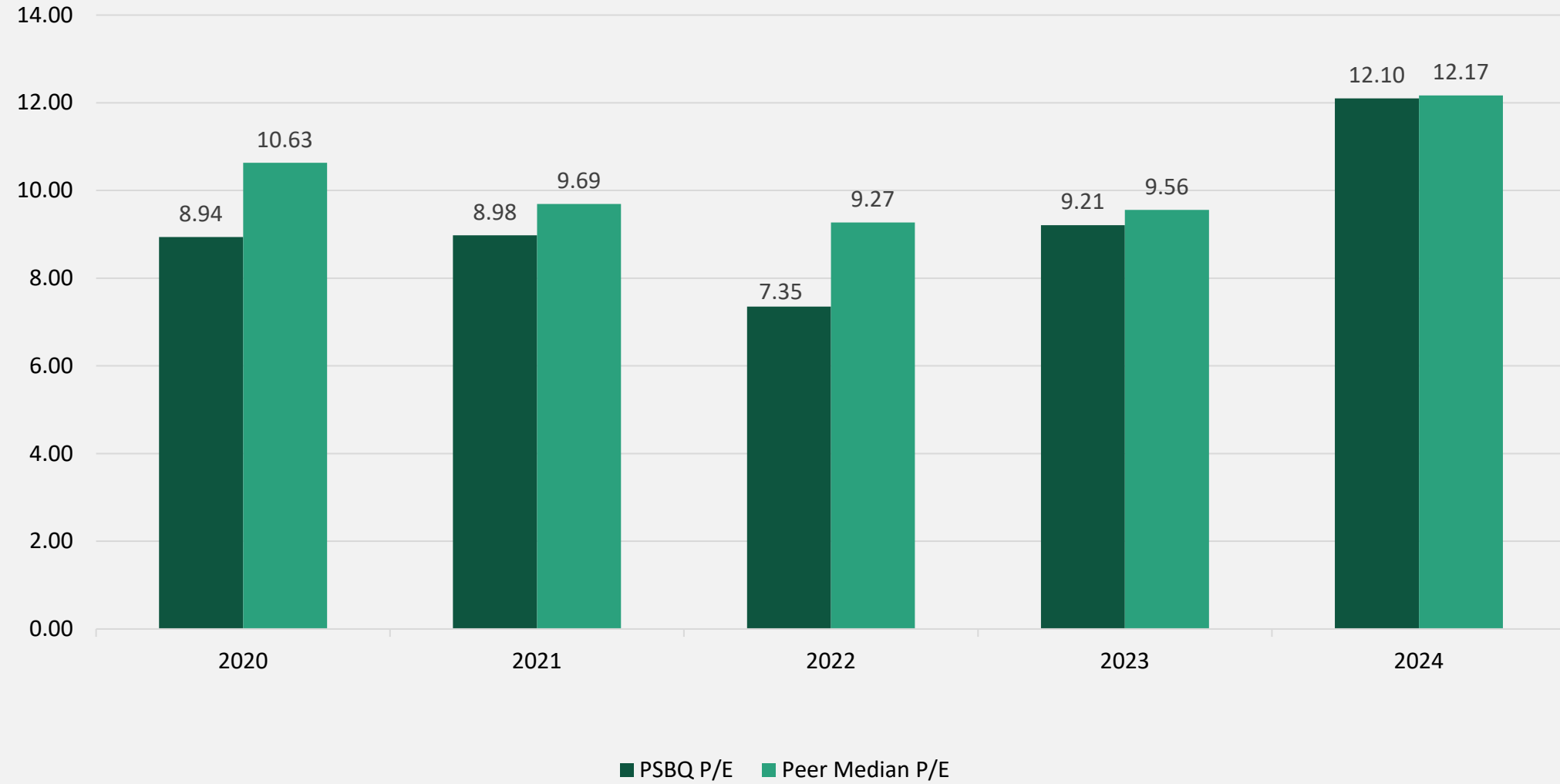


# Unrealized Loss Remaining – AFS Securities

As of 12/31/24



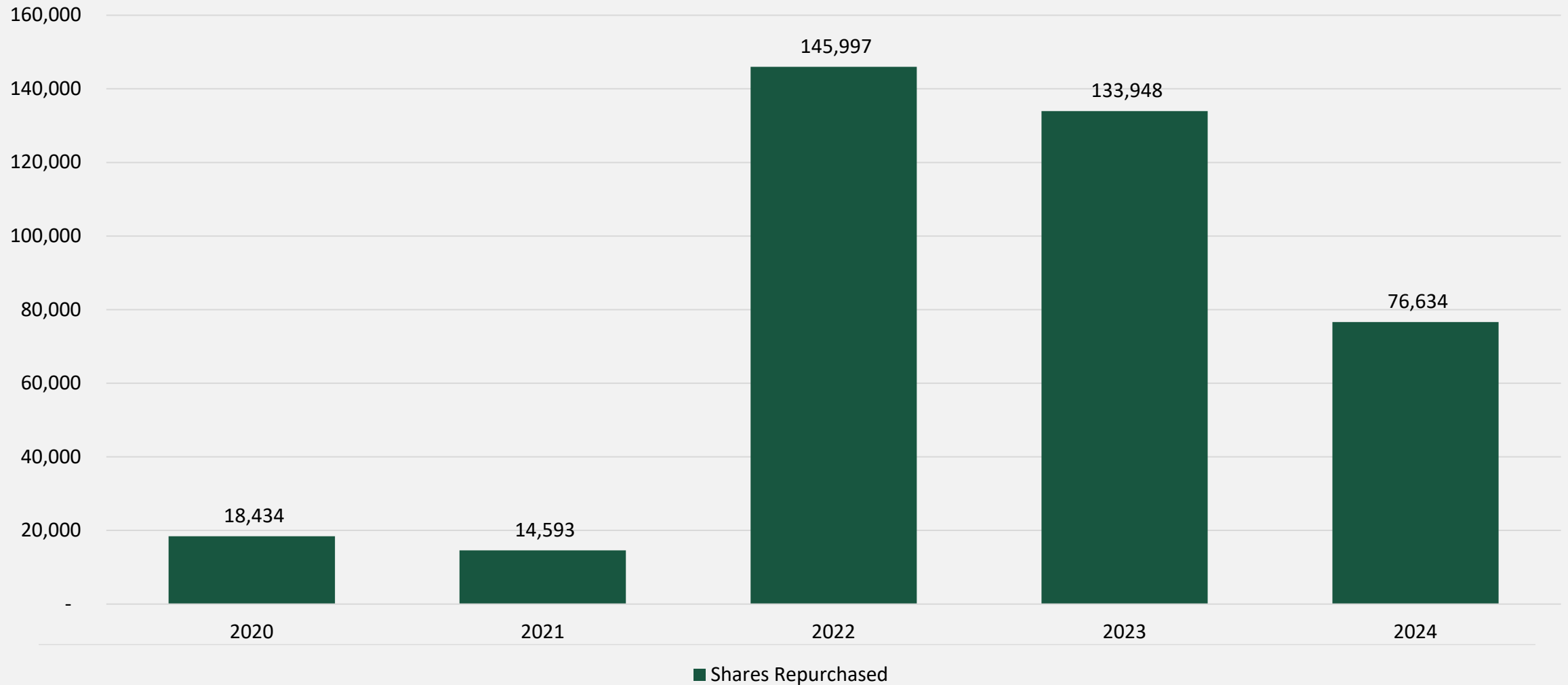
# Price/Earnings



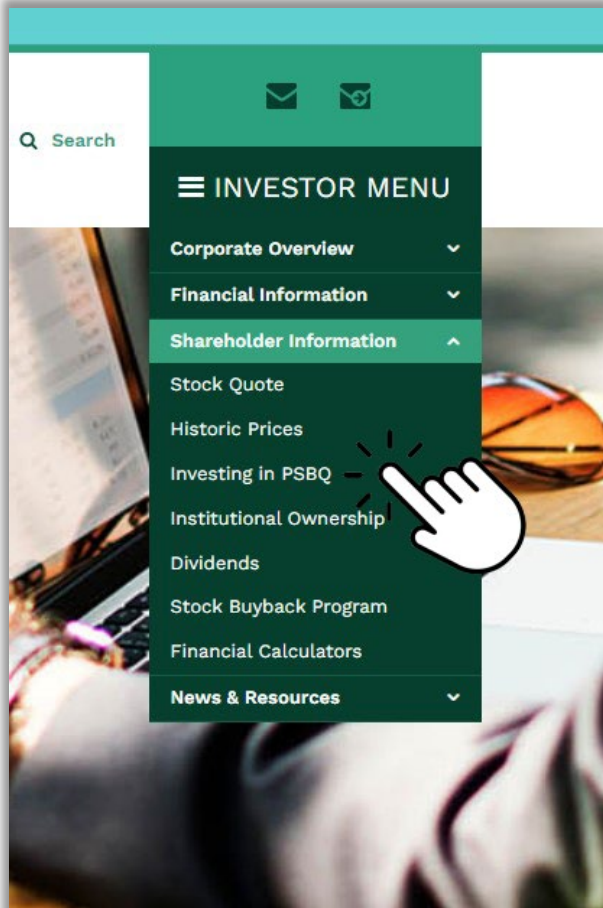
Peers include all publicly-traded financial institutions with assets between \$1.0 billion and \$5.0 billion at 12/31/2024



# Historical # of Shares Repurchased



# DRP Plan



- DRP plan investors can choose to enroll in the plan and have monthly stock purchases in lieu of dividends.
- Continental Stock Transfer & Trust Co. will make open-market purchases once per month.
- Initial investment in the plan is \$100 (maximum of \$1,000).
- Shares vest immediately upon purchase.
- For specific questions on the plan, investors should contact Continental ([drp@continentalstock.com](mailto:drp@continentalstock.com)).

# 2025-2028 Strategic Plan

# Strategy Review

Changing bank landscape since the pandemic:

- Measured by Treasury rates, highest funding costs in over 23 years
- Limited deposits available to fund new loan growth
- Continued bank consolidation and increased credit union competition
- Dramatic slowdown in residential mortgage demand

# Strategy Review

The most successful community banks take advantage of:

- Economies of scale with larger asset and equity capital size
- Using technology and service tools to increase the value and experience of deposit products
- Focused on serving local customers with relationships that fit well long-term
- Increased retail and mortgage traffic to support investments to meet changing customer needs

# Strategic Value Targets

Director “North Star” goals provided to management:

- ③ \$2.1 billion in total assets by December 2028 with 1% return on assets
- ③ Continued cash dividend growth per share
- ③ Ability to purchase or sell shares in a reasonable time at current market prices
- ③ Interest rate stabilization expected to provide momentum to higher share prices from a return to normalized net interest margin and unrealized security losses



# North Star – “Let’s Grow Together”

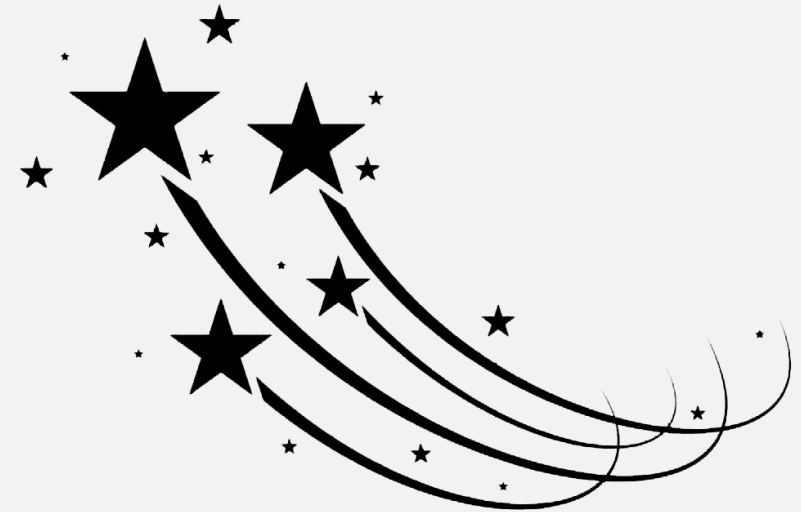
We will be a multi-billion statewide bank serving multiple markets, leveraging our competitive advantages.

**OUR VISION:** To be a catalyst for growth with our customers.

**OUR MISSION:**

- ★ Deliver exceptional service.
- ★ Build partnership.
- ★ Create value.

**BRAND PROMISE:** Our customers’ financial success is what drives us every day.



# Financial Drivers Required

- ✓ Increased asset growth from 6 to 8% per year
- ✓ Maintain longer term 1% ROA
- ✓ Seeking bank acquisition of at least \$200 Million by 2028 to reach our financial growth goal of \$2.1 Billion assets

# Key Requirements for Success



**Ideal Team Player** culture tied to best customer fit and high value full-service pricing.



**Best Fit Commercial Customers:** Local business owners/operators with revenue <\$25 Million/yr who benefit from a strategic partner



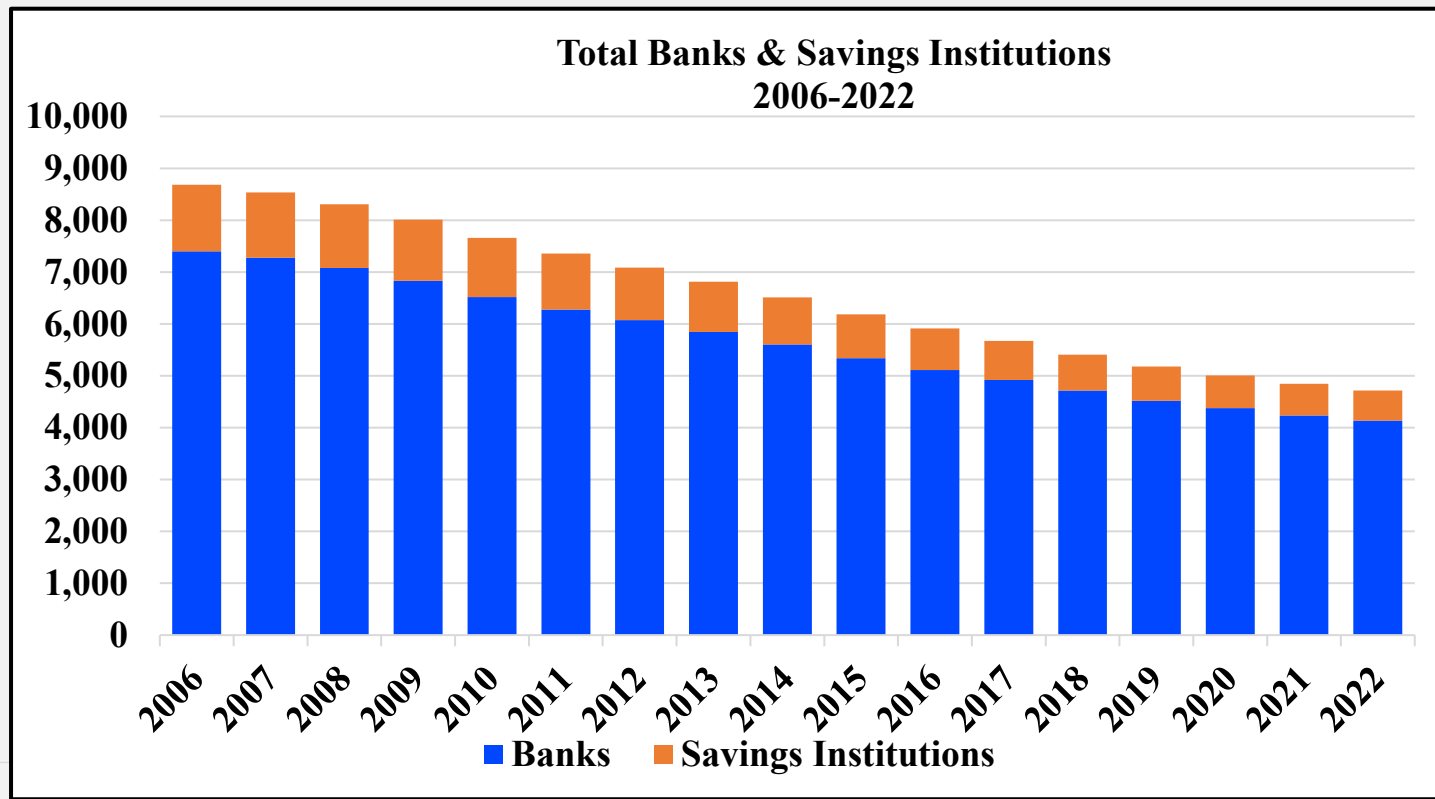
**Best Fit Retail Customers:** Our neighbors seeking to manage their finances well who value relationships and fair pricing over the best deal on each individual product.

# Key Strategic Actions

- Using data to improve pricing and delivery
- Targeting growth to ideal customer segments and building a full product relationship by delivering customer individualized solutions
- Training and incenting staff to remain focused on customer needs and bank success
- Enterprise risk management system to balance growth with acceptable risk-taking
- Getting M&A transaction opportunities
- Delivering on the Peoples Brand Promise

# A Consolidating Industry

- Banking remains a consolidating industry, and Wisconsin remains a state with many independent banks



# New Markets Focus

- Would entertain all methods of growth, whether M&A, LPO, or new market branch.
- Best markets are in, or adjacent to, our existing markets.
- Best merger candidates have ownership and management teams that want to stay in banking and have a voice in operations, but with a larger partner for operational efficiencies, size scale, and capital markets flexibility that drive the combined banks' values higher.
- Such candidates could entertain some type of stock exchange with PSBQ, reducing our cost of raising new capital and allowing a lower initial purchase price to share in future value creation.

# Challenge to get Mergers “Over the Finish Line”

- High interest rates depress the value of loans and securities, reducing the value sellers are willing to pay under current accounting rules.
- Banks focused on a specific strategy can make culture fits difficult.
- Issuing new equity capital such as common stock can be more expensive today.
- Banks are becoming more cautious about credit risk in the loan portfolio they are purchasing or merging into.
- Banks merged by exchanging stock take on both bank’s potential successes and existing risks.

# Strategy Key Points



We are changing from selling on brand and reputation (*all things to all people*) to selling to targeted relationships to gain all their business with relationship pricing.



Leveraging a consistent, creative, and relationship-driven commercial lending model that approaches opportunities like an entrepreneur.



Maintain an attractive retail deposit platform that combines Free Edge Checking + 4% Super Saver with award-winning mobile app, nationwide free Allpoint ATMs, and My Credit Manager tool.



# Q1 2025

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## Earnings Released

### April 28, 2025

# Annual Business Meeting

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# Questions?

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