



September 17, 2025

To the Members of Pioneer Federal Savings and Loan Association:

On behalf of the Board of Directors of Pioneer Federal Savings and Loan Association (the “Association”), I am pleased to announce that the Board has adopted a Plan of Conversion providing for the conversion of the Association from a mutual savings and loan association to a stock form bank (the “Conversion”).

We will be providing you with additional information in the coming weeks and months during the application and approval process for the Conversion, and you may receive additional materials or see multiple notices published in the newspaper. Any notice regarding the Association, Pioneer State Bank, or PSB Financial, Inc. is related to the Conversion. Please review all relevant communications from the Association carefully as they will contain important information regarding your voting rights and your opportunity to purchase shares of the new parent company, PSB Financial, Inc.

### Summary of the Plan of Conversion

- The Association will convert from a mutual savings and loan association to a stock bank by forming a shell bank, Pioneer State Bank. The Association will merge with and into the shell bank, which will be the surviving entity. Our new name, conditional upon a successful Conversion, will be Pioneer State Bank.
- In connection with the Conversion, a newly formed holding company, PSB Financial, Inc. (“PSB Financial”), will offer up to 1,380,000 shares of its common stock for sale to eligible account holders, the employee stock ownership plan (ESOP) being established in connection with the Conversion, and other persons in a community offering, subject to regulatory approval. The Common Stock will have a par value of \$0.01 per share.
- Members of the Association will not have any ownership interest in the converted stock form bank but will have subscription rights to purchase common stock in PSB Financial in accordance with the Plan of Conversion. Following Conversion, only those owners of common stock will have ownership rights in PSB Financial.
- The Association’s business of accepting deposits and making loans will continue without interruption, and the Association’s current management and staff will continue to conduct current services for depositors and borrowers under current policies and in existing offices.
- The Association may substantively amend its proposed Plan of Conversion before the special meeting of members, or it may terminate the proposed Conversion.

### Rights of Members

- **Eligibility Record Date:** The proposed record date for determining eligible account holders who are entitled to receive subscription rights to purchase shares is June 30, 2024.
- **Subscription Rights:** Eligible Account Holders, Supplemental Eligible Account Holders, and other categories of members defined in the Plan of Conversion will have priority subscription rights to purchase shares.
  - First Priority: Eligible Account Holders – Any Person holding a Qualifying Deposit as of the close of business on the Eligibility Record Date, June 30, 2024.
  - Second Priority: The to-be-established ESOP of the Holding Company and Shell Bank will have subscription rights to purchase in the aggregate up to 8% of the shares.
  - Third Priority: Supplemental Eligible Account Holders – Any Person holding a Qualified Deposit as of the Supplemental Eligibility Record Date, which will be the last day of the calendar quarter preceding approval of the Conversion by Bank Regulators. The Supplemental Eligibility Record Date will only

occur if Bank Regulators have not approved the Conversion within 15 months after the Eligibility Record Date. We anticipate that there will be a Supplemental Eligibility Record Date.

- Fourth Priority: Each Other Member shall have rights to purchase shares subject to the availability of sufficient shares after filling in full all subscription orders of Eligible Account Holders, Employee Plans and Supplemental Eligible Account Holders and to the purchase limitations specified in Section 14 of the Plan of Conversion.
- **Approval of the Plan of Conversion:** The Voting Members will have an opportunity to approve or disapprove the proposed Conversion at a special meeting of members called for that purpose. A majority of the eligible votes must approve the Conversion. The Association will not vote existing proxies to approve or disapprove the Conversion. The Association will solicit new proxies for voting on the proposed Conversion.
- **Voting Rights:** Upon Conversion, members' voting rights in the mutual form will be extinguished and replaced by stockholder voting rights in the stock holding company only if such member elects to purchase shares in the offering.
- **Savings Account Holders:** Depositors will continue to hold accounts in the converted Association with the same dollar amounts, rates of return, and general terms as existing deposits. The Federal Deposit Insurance Corporation ("FDIC") will continue to insure the accounts.
- **Loan Accounts:** The Conversion will not affect borrower's loans, including the amount, rate, maturity, security, and other contractual terms.

#### **Stock Purchases by Directors and Officers**

Certain restrictions apply to the purchase and sale of shares by Directors and Officers. Notwithstanding those restrictions, it is currently anticipated that Directors and Officers will purchase up to approximately 10% of the total shares offered for sale by PSB Financial. Employees will be allowed to participate in an Employee Stock Ownership Plan.

#### **Regulatory Approval**

The Plan of Conversion must be approved by the FDIC and the Montana Division of Banking ("MDOB") before the Conversion will be effective. The Association's members will have an opportunity to file written comments, including objections and materials supporting the objections, with the FDIC or MDOB. The IRS must issue a favorable tax ruling, or a tax expert must issue an appropriate tax opinion on the tax consequences of the Conversion before the FDIC will approve the Conversion. The ruling or opinion must indicate that the Conversion will be a tax-free reorganization or it might not be approved. The FDIC or MDOB might not approve the Conversion. The IRS or tax expert might not issue a favorable tax ruling or tax opinion.

#### **Availability of the Plan**

A complete copy of the Plan of Conversion is available for inspection at the offices of the Association during normal business hours. Members may also request a copy of the Plan of Conversion by contacting Phillip K. Willett, President and CEO, 32 N. Washington St., Dillon, MT or calling 406-683-5191.

#### **Next Steps**

After the Association receives the appropriate regulatory approval, members will receive a Notice of Special Meeting, which will specify the date of meeting at which the Plan of Conversion will be voted upon. Members will also receive additional information, including a Prospectus, Order Form, Proxy and Proxy Statement. Members may call or write to the Association with additional questions.

Sincerely,

/s/ Phillip K. Willett

Phillip K. Willett  
President and Chief Executive Officer