



**MOUND CITY
FINANCIAL SERVICES, INC.
AND SUBSIDIARY**

2025

**ANNUAL
REPORT**

YEARS ENDED

DECEMBER 31, 2025, 2024



MESSAGE FROM THE PRESIDENT

On behalf of your Board of Directors, I am proud to report that 2025 was the most profitable year in our 110-year history. Our entire team played a role in this success.

Our focus on key drivers—such as disciplined pricing on loans and deposits, along with solid operating expense management—contributed to our goal of delivering increased value to you, our shareholders.

Performance Highlights

- MCFS, Inc. Income of \$6.51 million; an increase of 66.92% over 2024
 - Return on Average Assets of 1.27% versus .79% in 2024
 - Return on Average Equity of 11.44% versus 7.07% in 2024
 - Earning per share of \$25.43 compared to \$15.26 in 2024
 - Book value per share increased to \$245.49 versus \$222.36 in 2024
 - Tier 1 Capital and Risk Based Capital ratios are solid at 13.18% and 17.56% and considered well capitalized in our industry
 - Total Assets grew 8.99% to \$543.5 Million
 - Loans(on book) grew 7.12% to \$419.6 Million
 - Total Serviced loans totaled \$725.3 Million as of year-end 2025
 - Deposits grew 8.07% to \$469.8 Million
 - Total Investment Portfolio was strategically increased by 20.2%; growing to \$81.7 Million
-

Asset quality continues to be strong. Non-performing assets reached historic lows of 0.014%. With this exceptional asset quality, we did not need to add to our Allowance for Loan Losses in 2025.

In the fall of 2025, Mound City Bank's executive team led a comprehensive strategic planning process to strengthen our commitment to strategic thinking and long-term success. This initiative focused on developing clear strategic priorities and actionable tactics to enhance the Bank's competitive advantage. The process included retreats with staff, officers, and the Board of Directors, encouraging collaboration and engagement across all levels of the organization. Our goal was to ensure Mound City Bank remains well-positioned to navigate an evolving regulatory environment and continued economic uncertainty, while maintaining a strong focus on shareholders, customers, and employees.

2025 was a year to celebrate retirements, as four inspiring individuals completed their career journeys: Ellen Wedige (24 years), Sandy Adams (29 years), Nancy Salzmann (37 years), and Donna Hoppenjan (48 years). I want to personally thank Donna Hoppenjan for her guidance and mentorship over the last 15 months as we finalized our succession plan.

In 2025, we also formed a new executive team, and I am grateful to work alongside these outstanding leaders: Pete Mumm, Senior Vice President – Chief Lending Officer; John Digman, Senior Vice President – Chief Financial Officer; Justin Olthafer, Vice President – Chief Information Officer; and Mollie Clapham, Vice President – Chief Risk Officer. Together, we are committed to strengthening our foundation.

I am truly honored to serve as the third President of Mound City Financial Services, Inc.

On behalf of our entire team, I am pleased to present the 2025 Annual Report of Mound City Financial Services, Inc.

Sincerely,
Michael J. Phillips



President

MOUND CITY FINANCIAL SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

<i>December 31,</i>	2025	2024
Assets:		
Cash and due from banks	\$ 18,041,491	\$ 17,135,762
Federal funds sold	432,678	262,228
Interest-bearing deposits	7,489,991	5,266,963
<hr/>		
Cash and cash equivalents	25,964,160	22,664,953
Other interest-bearing deposits	-	245,000
Securities available for sale (amortized cost of \$80,468,112 and \$70,571,044 at December 31, 2025 and 2024, respectively)	77,524,398	64,472,587
Securities held to maturity	1,335,000	1,335,000
Loans held for sale	1,328,395	485,900
Loans, net of allowance for credit losses of \$5,854,207 and \$5,845,192 at December 31, 2025 and 2024, respectively	412,479,453	385,438,044
Premises and equipment, net	6,685,542	6,938,612
Mortgage servicing rights, net	1,498,036	1,461,057
Other investments	2,867,977	2,204,910
Accrued interest receivable	3,128,811	2,763,809
Cash value of life insurance	10,201,270	9,899,154
Other assets	1,198,695	1,723,629
<hr/>		
Total assets	\$ 544,211,737	\$ 499,632,655
<hr/>		
Liabilities:		
Demand	\$ 83,973,429	\$ 75,319,764
Savings and NOW	223,328,572	207,671,207
Time	162,389,346	151,607,524
<hr/>		
Total deposits	469,691,347	434,598,495
Borrowed funds	5,000,000	5,000,000
Subordinated debentures	5,155,000	5,155,000
Accrued salary continuation	1,493,442	1,368,932
Other liabilities	2,354,034	1,406,313
<hr/>		
Total liabilities	483,693,823	447,528,740
<hr/>		
Stockholders' Equity:		
Common stock - No par value, \$1 stated value		
Authorized - 600,000 shares; issued - 261,885 shares;		
outstanding - 255,990 shares	261,885	261,885
Additional paid-in capital	7,387,619	7,387,619
Retained earnings	58,799,737	52,877,985
Accumulated other comprehensive loss	(2,325,533)	(4,817,780)
Treasury stock, at cost - 5,895 shares	(3,605,794)	(3,605,794)
<hr/>		
Total stockholders' equity	60,517,914	52,103,915
<hr/>		
Total liabilities and stockholders' equity	\$ 544,211,737	\$ 499,632,655

See accompanying notes to consolidated financial statements.

MOUND CITY FINANCIAL SERVICES, INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF INCOME

<i>Years Ended December 31,</i>	2025	2024
Interest and dividend income:		
Loans, including fees	\$ 22,235,146	\$ 19,721,085
Securities:		
Taxable	1,630,734	1,198,322
Tax-exempt	477,173	451,181
Interest-bearing deposits	633,693	718,338
Federal funds sold	12,954	31,785
FHLB stock dividends	128,958	93,917
Other	18,370	16,340
Total interest and dividend income	25,137,028	22,230,968
Interest expense:		
Deposits	8,407,854	9,416,257
Federal funds purchased	986	286
Borrowed funds	205,554	267,571
Subordinated debentures	311,810	364,085
Total interest expense	8,926,204	10,048,199
Net interest income	16,210,824	12,182,769
Provision for credit losses	24,929	6,103
Net interest income after provision for credit losses	16,185,895	12,176,666
Noninterest income:		
Service fees	1,710,633	1,623,713
Mortgage banking income	578,857	498,083
Other real estate owned, net	4,996	4,984
Increase in cash value of life insurance	302,116	211,385
Commissions	1,247,661	1,038,349
Unrealized gain on equity securities	25,411	53,137
Other	1,009,762	843,926
Total noninterest income	4,879,436	4,273,577
Noninterest expense:		
Salaries and employee benefits	8,741,291	7,666,643
Occupancy	908,730	873,009
Computer services	673,993	589,356
Net loss on sale of securities	344,869	-
Other	2,425,449	2,482,175
Total noninterest expense	13,094,332	11,611,183
Net income before income taxes	7,970,999	4,839,060
Provision for income taxes	1,460,468	933,044
Net income	\$ 6,510,531	\$ 3,906,016
Earnings per share	\$ 25.43	\$ 15.26
Weighted average shares outstanding	255,990	255,990

See accompanying notes to consolidated financial statements.

MOUND CITY FINANCIAL SERVICES, INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
Balance at January 1, 2024	\$ 261,885	\$ 7,387,619	\$ 49,509,549	\$ (4,856,327)	\$ (3,605,794)	\$ 48,696,932
Net income	-	-	3,906,016	-	-	3,906,016
Other comprehensive income	-	-	-	38,547	-	38,547
Dividends to stockholders	-	-	(537,580)	-	-	(537,580)
Balance at December 31, 2024	261,885	7,387,619	52,877,985	(4,817,780)	(3,605,794)	52,103,915
Net income	-	-	6,510,531	-	-	6,510,531
Other comprehensive income	-	-	-	2,492,247	-	2,492,247
Dividends to stockholders	-	-	(588,779)	-	-	(588,779)
Balance at December 31, 2025	\$ 261,885	\$ 7,387,619	\$ 58,799,737	\$ (2,325,533)	\$ (3,605,794)	\$ 60,517,914

See accompanying notes to consolidated financial statements.



FINANCIAL HIGHLIGHTS

	2025	2024	2023	2022	2021
Statement of Operations					
Interest Income	\$ 25,137,028	\$ 22,230,968	\$ 18,805,501	\$ 15,349,405	\$ 15,471,019
Interest Expense	8,926,204	10,048,199	7,355,232	2,418,000	1,959,875
Net Interest Income	16,210,824	12,182,769	11,450,269	12,931,405	13,511,144
Provision for Loan Losses	24,929	6,103	45,819	14,129	312,865
Net Interest Income After Provision for Loan Losses	16,185,895	12,176,666	11,404,450	12,917,276	13,198,279
Noninterest Income	4,879,436	4,273,577	3,869,030	3,601,405	5,105,139
Noninterest Expenses	13,094,332	11,611,183	10,956,834	10,046,673	11,029,990
Income Before Income Taxes	7,970,999	4,839,060	4,316,646	6,472,008	7,273,428
Provision for Income Taxes	1,460,468	933,044	858,647	1,653,455	1,913,514
Net Income	\$ 6,510,531	\$ 3,906,016	\$ 3,457,999	\$ 4,818,553	\$ 5,359,914

Statement of Condition

Total MCFS Assets	\$ 544,211,737	\$ 499,632,655	\$ 471,143,111	\$ 470,190,909	\$ 449,667,924
Investment Securities	78,859,398	65,807,587	64,881,262	67,374,896	74,716,744
Loans- Bank	419,662,055	391,769,136	376,759,451	368,022,753	315,508,043
Total Deposits- Bank	469,822,239	434,725,443	409,680,118	395,301,866	390,596,570
Other Borrowings	5,000,000	5,000,000	5,000,000	25,000,000	5,000,000
Subordinated Debentures	5,155,000	5,155,000	5,155,000	5,155,000	5,155,000
Actual Equity (1)	62,843,447	56,921,695	53,553,259	50,607,240	46,275,068

Averages

Average Assets (2)	\$ 514,568,047	\$ 491,368,211	\$ 465,377,880	\$ 447,960,467	\$ 435,263,464
Average Loans- Bank (2)	398,285,064	383,861,603	361,867,890	334,412,713	309,011,607
Average Deposits- Bank (2)	441,758,150	421,819,429	395,809,981	384,930,005	370,784,976
Average Equity (1)	59,882,571	55,237,476	52,080,249	48,441,154	43,812,703

Ratios

Asset Growth Rate	8.99%	6.19%	-0.11%	4.57%	6.92%
Loan Growth Rate	7.12%	3.98%	2.37%	14.45%	8.38%
Deposit Growth Rate	8.07%	6.11%	3.64%	1.19%	9.09%
Loan to Deposit Ratio	88.03%	90.12%	91.97%	93.10%	82.32%
Return on Average Assets	1.27%	0.79%	0.75%	1.08%	1.24%
Return on Average Equity	11.44%	7.07%	6.64%	9.95%	12.24%
Equity to Average Assets	11.87%	11.33%	11.33%	10.91%	10.42%
Earnings per Share (weighted average)	\$ 25.43	\$ 15.26	\$ 13.50	\$ 18.83	\$ 20.94
Dividend Paid per Share	\$ 2.30	\$ 2.10	\$ 2.00	\$ 1.90	\$ 1.70
Share Return on Investment	11.44%	7.30%	6.80%	10.40%	13.00%

(1) MCFS Equity, Net of Comprehensive Income

(2) MCB Average Annual Assets, Net of Comprehensive Income

MOUND CITY FINANCIAL SERVICES, INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>Years Ended December 31,</i>	2025	2024
Net income	\$ 6,510,531	\$ 3,906,016
Other comprehensive gain (loss):		
Unrealized gains on securities available for sale	2,809,874	48,793
Reclassification adjustment for losses realized in income	344,869	-
Tax effect	(662,496)	(10,246)
Total other comprehensive income	2,492,247	38,547
Total comprehensive income	\$ 9,002,778	\$ 3,944,563

See accompanying notes to consolidated financial statements.



MOUND CITY FINANCIAL SERVICES, INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>Years Ended December 31,</i>	2025	2024
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Net income	\$ 6,510,531	\$ 3,906,016
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	511,361	453,211
Net amortization on debt securities	185,257	274,799
Net amortization of mortgage servicing rights	(36,979)	(77,157)
Net gain on sales and writedowns of other real estate owned	-	(4,984)
Provision for credit losses	24,929	6,103
Deferred tax (benefit) expense	(202,228)	215,113
Net increase in cash value of life insurance	(302,116)	(211,385)
Gain on sale of fixed assets	-	(31,825)
Loss on sale of available for sale securities	344,869	-
Unrealized gain on equity securities	(25,411)	(53,137)
Changes in operating assets and liabilities:		
Loans held for sale	(842,495)	(485,900)
Other assets	(300,336)	156,022
Other liabilities	1,097,231	52,319
Net cash provided by operating activities	6,964,613	4,199,195
Cash flows from investing activities:		
Net decrease in other interest-bearing deposits	245,000	-
Sales, maturities, prepayments, and calls of securities available for sale	19,984,470	8,147,278
Maturities, prepayments, and calls of securities held-to-maturity	-	535,000
Purchases of securities available for sale	(30,411,664)	(9,834,609)
Net increase in loans	(27,091,338)	(14,550,062)
Purchases of other investments	(637,656)	(515,898)
Purchase of life insurance	-	(2,000,000)
Proceeds from sales of other real estate owned	-	4,984
Capital expenditures	(258,291)	(1,027,576)
Proceeds from sale of premises and equipment	-	95,233
Net cash used in investing activities	(38,169,479)	(19,145,650)
Cash flows from financing activities:		
Net increase in deposits	35,092,852	25,055,242
Repayments of borrowed funds	-	(5,000,000)
Proceeds from borrowed funds	-	5,000,000
Dividends paid	(588,779)	(537,580)
Net cash provided by financing activities	34,504,073	24,517,662
Net increase in cash and cash equivalents	3,299,207	9,571,207
Cash and cash equivalents at beginning of year	22,664,953	13,093,746
Cash and cash equivalents at end of year	\$ 25,964,160	\$ 22,664,953
Supplemental cash flow information:		
Cash paid during the year for:		
Interest	\$ 8,674,256	\$ 9,865,496
Income taxes	1,562,000	585,000

See accompanying notes to consolidated financial statements.



2025

MOUND CITY BANK

COMMUNITY FOCUSED

80

OF EMPLOYEES

1100+

EMPLOYEE COMMUNITY SERVICE
VOLUNTEER HOURS

WHEDA MORE LIKE A HOME
REPAIR & RENEW PROGRAM

149

CLOSED LOANS

\$6.3M

TOTAL FUNDS DISPERSED

313

2025 CLOSED
MORTGAGES

\$79.6K

COMMUNITY OUTREACH IN
DONATIONS

18.3K

TOTAL DEPOSIT RELATIONSHIPS

MOUND CITY BANK VOTED
BEST OF THE BEST BANK IN GRANT COUNTY
BY THE READERS OF THE GRANT, IOWA & LAFAYETTE SHOPPING NEWS!

*Building Lasting Relationships With
Premier Financial Solutions Since 1915*

