

MOUND CITY FINANCIAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2007 and 2006

ASSETS	2007	2006
Cash and due from banks	\$ 6,102,427	\$ 4,143,084
Federal funds sold	-	2,401,000
Cash and cash equivalents	<u>6,102,427</u>	<u>6,544,084</u>
Interest bearing deposits in banks	768,895	1,326,657
Securities available-for-sale	34,776,822	35,252,631
Securities held to maturity, at amortized cost	2,800,000	4,000,000
Federal Home Loan Bank stock, at cost	1,091,113	1,091,113
Loans, net of allowance of \$1,634,190 in 2007 and \$1,480,729 in 2006	167,815,375	152,913,704
Premises and equipment, net	4,682,119	3,488,035
Cash surrender value of life insurance	2,577,092	2,482,846
Other assets	<u>3,172,905</u>	<u>3,315,173</u>
TOTAL ASSETS	\$ 223,786,748	\$ 210,414,243
LIABILITIES AND STOCKHOLDERS' EQUITY		
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Liabilities		
Deposits		
Demand	\$ 15,727,976	\$ 13,045,021
Savings and NOW	63,342,045	64,530,935
Other time	97,227,594	92,374,543
Total Deposits	<u>176,297,615</u>	<u>169,950,499</u>
Other borrowings	21,000,000	19,000,000
Federal Funds Purchased	3,621,000	-
Subordinated debt	5,155,000	4,130,000
Other liabilities	1,663,461	2,309,405
Total Liabilities	<u>207,737,076</u>	<u>195,389,904</u>
Stockholders' Equity		
Common stock, no par value, 300,000 shares authorized; 31,494 shares issued, 28,881 shares outstanding	31,494	31,494
Additional paid-in-capital	7,618,010	7,618,010
Retained earnings	9,824,906	8,662,185
Accumulated other comprehensive income (loss)	63,082	(251,534)
Treasury stock, at cost; 2,613 and 1,997 shares at December 31, 2007 and 2006, respectively	(1,487,820)	(1,035,816)
Total Stockholders' Equity	<u>16,049,672</u>	<u>15,024,339</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 223,786,748	\$ 210,414,243

MOUND CITY FINANCIAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31, 2007, 2006 and 2005

	2007	2006	2005
INTEREST INCOME:			
Loans, including fees	\$ 11,513,923	\$ 10,591,783	\$ 9,339,455
Investment securities			
Taxable	1,216,852	1,186,888	1,051,616
Tax exempt	525,400	515,811	463,972
Federal funds sold	75,646	112,376	99,982
Other	76,796	70,450	62,587
Total Interest Income	<u>13,408,617</u>	<u>12,477,308</u>	<u>11,017,612</u>
INTEREST EXPENSE:			
Deposits	6,224,687	5,941,391	4,792,757
Other borrowings	841,322	688,264	501,915
Federal funds purchased	57,175	0	0
Subordinated debt	371,130	330,400	330,400
Total Interest Expense	<u>7,494,314</u>	<u>6,960,055</u>	<u>5,625,072</u>
Net Interest Income Before Provision For Loan Losses	5,914,303	5,517,253	5,392,540
PROVISION FOR LOAN LOSSES	217,151	225,976	300,000
Net Interest Income After Provision For Loan Losses	<u>5,697,152</u>	<u>5,291,277</u>	<u>5,092,540</u>
NONINTEREST INCOME:			
Service fees	646,397	643,068	522,938
Net gain on sale of securities available-for-sale	5,174	1,445	-
Net gain on loan sales	39,882	52,245	52,787
Mutual fund sales commission	206,215	177,882	168,659
Other income	653,905	546,848	613,723
Total Noninterest Income	<u>1,551,573</u>	<u>1,421,488</u>	<u>1,358,107</u>
NONINTEREST EXPENSES:			
Salaries and employee benefits	3,097,414	2,881,677	2,783,957
Occupancy	540,659	477,633	433,936
Computer services	314,149	303,856	224,722
Other	1,283,612	1,185,659	1,322,793
Total Noninterest Expenses	<u>5,235,834</u>	<u>4,848,825</u>	<u>4,765,408</u>
Income Before Income Taxes	2,012,891	1,863,940	1,685,239
INCOME TAX EXPENSE	531,379	481,157	485,173
NET INCOME	<u>\$ 1,481,512</u>	<u>\$ 1,382,783</u>	<u>\$ 1,200,066</u>
Earnings Per Share	\$ 50.50	\$ 46.46	\$ 39.79
Weighted Average Shares Outstanding	29,337	29,765	30,160

MOUND CITY FINANCIAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years ended December 31, 2007, 2006 and 2005

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance, December 31, 2004	\$31,494	\$7,618,010	\$6,645,546	\$ 100,097	\$(461,626)	<u>\$13,933,521</u>
Comprehensive income						
Net income	-	-	1,200,066	-	-	1,200,066
Change in net unrealized gains(losses) on available-for-sale securities	-	-	-	(580,050)	-	(580,050)
Income tax effect	-	-	-	197,412	-	197,412
Comprehensive Income						<u>817,428</u>
Cash dividends paid - \$9.00 per share	-	-	(269,640)	-	-	(269,640)
Purchase of 490 shares of treasury stock	-	-	-	-	(274,790)	(274,790)
Balance, December 31, 2005	31,494	7,618,010	7,575,972	(282,541)	(736,416)	<u>14,206,519</u>
Comprehensive income						
Net income	-	-	1,382,783	-	-	1,382,783
Change in net unrealized gains(losses) on available-for-sale securities	-	-	-	48,706	-	48,706
Reclassification adjustment for net gains realized in net income	-	-	-	(1,445)	-	(1,445)
Income tax effect	-	-	-	(16,254)	-	(16,254)
Comprehensive Income						<u>1,413,790</u>
Cash dividends paid - \$10.00 per share	-	-	(296,570)	-	-	(296,570)
Purchase of 463 shares of treasury stock	-	-	-	-	(299,400)	(299,400)
Balance, December 31, 2006	31,494	7,618,010	8,662,185	(251,534)	(1,035,816)	<u>15,024,339</u>
Comprehensive income						
Net income	-	-	1,481,512	-	-	1,481,512
Change in net unrealized gains(losses) on available-for-sale securities	-	-	-	314,616	-	314,616
Reclassification adjustment for net gains realized in net income	-	-	-	-	-	-
Income tax effect	-	-	-	-	-	-
Comprehensive Income						<u>1,796,128</u>
Cash dividends paid - \$11.00 per share	-	-	(318,791)	-	-	(318,791)
Purchase of 616 shares of treasury stock	-	-	-	-	(452,004)	(452,004)
Balance, December 31, 2007	<u>\$31,494</u>	<u>\$7,618,010</u>	<u>\$9,824,906</u>	<u>\$ 63,082</u>	<u>\$ (1,487,820)</u>	<u>\$16,049,672</u>

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