

# 2024 ANNUAL REPORT



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

**YEARS ENDED  
DECEMBER 31, 2024, 2023**



## MESSAGE FROM THE PRESIDENT

On behalf of your Board of Directors, I am proud to report to you our 5th best year on record for Mound City Financial Services, Inc. in 2024! Net income for the holding company totaled \$3.9 million, a 12.96% increase over 2023. These earnings resulted in earnings per share of \$15.26 compared to \$13.50 per share in 2023. The net earnings represent a Return on Average Equity of 7.07%.

Capital ratios are healthy with Tier I Capital recorded at 12.60% for the holding company. The Tier I ratio as well as the Risk Based Capital ratios are all significantly above the regulators' definition of "well capitalized". Book value increased to \$222.36 compared to \$209.20 per share at year end 2023.

Overall asset growth was 6.19%, with our year-end total bank assets of \$499 million.

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Asset quality continues to remain strong. Non-performing assets are low at .33%. Due to good asset quality in our loan portfolio, we did not provide any expense to our Allowance for Credit Loss in 2024.

On balance sheet loan growth demand grew 3.98%- compared to 2.37% in 2024. Secondary market loans increased 4.28% compared to -1.45% in 2023. Loan growth was impacted by higher interest rates and the lack of homes for sale inventory in our market area during 2024. Many customers are utilizing Home Equity Lines of Credit or second mortgages so as not to disrupt the low interest rates on their new or refinanced home mortgages from a few years ago.

We were excited to open our new Cuba City branch in 1Q24. Strategic priorities for 2025 include the continued monitoring of loan asset quality- which is impacted by a variety of economic factors. We will continue our focus on technology and cybersecurity strategies to keep our networks and customer data secure. We will continue to partner with our customers to offer our banking expertise in reaching their financial goals during 2025.

Congratulations to Vice President-Retail Banking LuAnn Bowman on her retirement from Mound City Bank after serving 2 years with a total of 43 years to the banking industry!

It is bittersweet as I reflect on my last Annual Report Message. I will be retiring as President of Mound City Financial Services, Inc. at the annual

shareholder meeting in March 2025 having served in this role since March 2013. Michael Phillips will succeed me as the 3rd President of our Holding Company. Mike has over 39 years of banking expertise & I am excited for him to take on this leadership role! I will continue to serve as CEO of Mound City Bank throughout 2025. I look forward to continuing to serve as your Board of Director for the holding company & bank post-retirement. During my almost 48 year tenure with Mound City Bank, it has been a pleasure and an honor interacting with all of our valued shareholders. I will forever treasure our friendships that we have built! Thank you for allowing me to serve as your President of the holding company for the last 12 years! I truly value your heartfelt support and passion to maintain local decision making, independent, community owned banking in the market areas that we serve.

Our team is **HERE FOR YOU** and proud to serve you in our mission of ***Building Lasting Relationships with Premier Financial Solutions.***

I am pleased to present to you this 2024 Annual Report for Mound City Financial Services, Inc.

Sincerely,



Donna J. Hoppenjan  
President of Mound City  
Financial Services, Inc.

# MOUND CITY FINANCIAL SERVICES, INC. AND SUBSIDIARY

## CONSOLIDATED BALANCE SHEETS

December 31,	2024	2023
<b>Assets:</b>		
Cash and due from banks	\$ 17,135,762	\$ 10,044,009
Federal funds sold	262,228	56,868
Interest-bearing deposits	5,266,963	2,992,869
Cash and cash equivalents	22,664,953	13,093,746
Other interest-bearing deposits	245,000	245,000
Securities available for sale (amortized cost of \$70,571,044 and \$69,158,511 at December 31, 2024 and 2023, respectively)	64,472,587	63,011,262
Securities held to maturity	1,335,000	1,870,000
Loans held for sale	485,900	-
Loans, net of allowance for credit losses of \$5,845,192 and \$5,840,368 at December 31, 2024 and 2023, respectively	385,438,044	370,919,085
Premises and equipment, net	6,938,612	6,427,655
Mortgage servicing rights, net	1,461,057	1,383,900
Other investments	2,204,910	1,635,875
Accrued interest receivable	2,763,809	2,600,240
Cash value of life insurance	9,899,154	7,687,769
Other assets	1,723,629	2,268,579
<b>Total assets</b>	<b>\$ 499,632,655</b>	<b>\$ 471,143,111</b>
<b>Liabilities:</b>		
Demand	\$ 75,319,764	\$ 71,286,826
Savings and NOW	207,671,207	207,742,113
Other time	151,607,524	130,514,314
Total deposits	434,598,495	409,543,253
Borrowed funds	5,000,000	5,000,000
Subordinated debentures	5,155,000	5,155,000
Accrued salary continuation	1,368,932	1,323,296
Other liabilities	1,406,313	1,424,630
<b>Total liabilities</b>	<b>447,528,740</b>	<b>422,446,179</b>
<b>Stockholders' Equity:</b>		
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	52,877,985	49,509,549
Accumulated other comprehensive loss	(4,817,780)	(4,856,327)
Treasury stock, at cost - 5,895 shares	(3,605,794)	(3,605,794)
<b>Total stockholders' equity</b>	<b>52,103,915</b>	<b>48,696,932</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 499,632,655</b>	<b>\$ 471,143,111</b>

See accompanying notes to consolidated financial statements.

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

<i>Years Ended December 31,</i>	2024	2023
Interest and dividend income:		
Loans, including fees	\$ 19,721,085	\$ 16,643,143
Securities:		
Taxable	1,198,322	938,797
Tax-exempt	451,181	510,376
Interest-bearing deposits	718,338	562,470
Federal funds sold	31,785	63,622
FHLB stock dividends	93,917	72,198
Other	16,340	14,895
Total interest and dividend income	22,230,968	18,805,501
Interest expense:		
Deposits	9,416,257	6,668,172
Federal funds purchased	286	1,202
Borrowed funds	267,571	333,761
Subordinated debentures	364,085	352,097
Total interest expense	10,048,199	7,355,232
Net interest income	12,182,769	11,450,269
Provision for credit losses	6,103	45,819
Net interest income after provision for credit losses	12,176,666	11,404,450
Noninterest income:		
Service fees	1,623,713	1,570,365
Mortgage banking income	498,083	145,386
Other real estate owned, net	4,984	4,957
Increase in cash value of life insurance	211,385	185,719
Commissions	1,038,349	1,044,794
Unrealized gain on equity securities	53,137	131,208
Other	843,926	786,601
Total noninterest income	4,273,577	3,869,030
Noninterest expense:		
Salaries and employee benefits	7,666,643	7,119,499
Occupancy	873,009	781,842
Computer services	589,356	477,534
Net loss on sale of securities	-	166,944
Other	2,482,175	2,411,015
Total noninterest expense	11,611,183	10,956,834
Net income before income taxes	4,839,060	4,316,646
Provision for income taxes	933,044	858,647
Net income	\$ 3,906,016	\$ 3,457,999
Earnings per share	\$ 15.26	\$ 13.50
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, 2023	\$ 261,885	\$ 7,387,619	\$ 46,563,530	\$ (6,286,111)	\$ (3,605,794)	\$ 44,321,129
Net income	-	-	3,457,999	-	-	3,457,999
Other comprehensive income	-	-	-	1,429,784	-	1,429,784
Dividends to stockholders	-	-	(511,980)	-	-	(511,980)
Balance at December 31, 2023	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

See accompanying notes to consolidated financial statements.



# FINANCIAL HIGHLIGHTS

	December 31,				
	2024	2023	2022	2021	2020
<b>Statement of Operations</b>					
Interest Income	\$ 22,230,968	\$ 18,805,501	\$ 15,349,405	\$ 15,471,019	\$ 14,976,583
Interest Expense	10,048,199	7,355,232	2,418,000	1,959,875	3,249,207
Net Interest Income	12,182,769	11,450,269	12,931,405	13,511,144	11,727,376
Provision for Loan Losses	6,103	45,819	14,129	312,865	986,872
Net Interest Income After Provision for Loan Losses	12,176,666	11,404,450	12,917,276	13,198,279	10,740,504
Noninterest Income	4,273,577	3,869,030	3,601,405	5,105,139	7,493,717
Noninterest Expenses	11,611,183	10,956,834	10,046,673	11,029,990	11,649,759
Income Before Income Taxes	4,839,060	4,316,646	6,472,008	7,273,428	6,584,462
Provision for Income Taxes	933,044	858,647	1,653,455	1,913,514	1,689,852
Net Income	\$ 3,906,016	\$ 3,457,999	\$ 4,818,553	\$ 5,359,914	\$ 4,894,610

## Statement of Condition

Total MCFS Assets	\$ 499,632,655	\$ 471,143,111	\$ 470,190,909	\$ 449,667,924	\$ 420,575,542
Investment Securities	65,807,587	64,881,262	67,374,896	74,716,744	75,177,944
Loans- Bank	391,283,236	376,759,451	368,022,753	315,508,043	290,918,690
Total Deposits- Bank	434,725,443	409,680,118	395,301,866	390,596,570	358,016,013
Other Borrowings	5,000,000	5,000,000	25,000,000	5,000,000	12,000,000
Subordinated Debentures	5,155,000	5,155,000	5,155,000	5,155,000	5,155,000
Equity (1)	56,921,695	53,553,259	50,607,240	46,275,068	41,350,337

## Averages

Average Assets (2)	\$ 491,368,211	\$ 465,377,880	\$ 447,960,467	\$ 435,263,464	\$ 406,330,767
Average Loans- Bank	383,861,603	361,867,890	334,412,713	309,011,607	293,880,510
Average Deposits- Bank	421,819,429	395,809,981	384,930,005	370,784,976	339,277,986
Average Equity	55,237,476	52,080,249	48,441,154	43,812,703	39,101,426

## Ratios

Asset Growth Rate	6.19%	-0.11%	4.57%	6.92%	9.49%
Loan Growth Rate	3.98%	2.37%	14.45%	8.38%	2.75%
Deposit Growth Rate	6.11%	3.64%	1.19%	9.09%	11.49%
Loan to Deposit Ratio	90.12%	91.97%	93.10%	82.32%	82.85%
Return on Average Assets	0.79%	0.75%	1.08%	1.24%	1.20%
Return on Average Equity	7.07%	6.64%	9.95%	12.24%	12.52%
Equity to Average Assets	11.33%	11.33%	10.91%	10.42%	9.85%
Earnings per Share (weighted average)	\$ 15.26	\$ 13.50	\$ 18.83	\$ 20.94	\$ 19.12
Dividend Paid per Share	\$ 2.10	\$ 2.00	\$ 1.90	\$ 1.70	\$ 1.55
Share Return on Investment	7.30%	6.80%	10.40%	13.00%	13.30%

(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>	2024	2023
Net income	\$ 3,906,016	\$ 3,457,999
Other comprehensive gain (loss):		
Unrealized gains on securities available for sale	48,793	1,642,909
Reclassification adjustment for losses realized in income	-	166,944
Tax effect	(10,246)	(380,069)
Total other comprehensive income	38,547	1,429,784
Total comprehensive income	\$ 3,944,563	\$ 4,887,783

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>	2024	2023
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Net income	\$ 3,906,016	\$ 3,457,999
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	453,211	369,611
Net amortization on securities	274,799	351,766
Net gain on sales and writedowns of other real estate owned	(4,984)	(4,957)
Provision for credit losses	6,103	45,819
Deferred tax expense	215,113	256,584
Net increase in cash value of life insurance	(211,385)	(185,718)
Gain on sale of fixed assets	(31,825)	-
Loss on sale of available for sale securities	-	166,944
Unrealized gain on equity securities	(53,137)	(131,208)
Changes in operating assets and liabilities:		
Loans held for sale	(485,900)	-
Mortgage servicing rights	(77,157)	55,977
Other assets	156,022	(607,714)
Other liabilities	52,319	684,443
Net cash provided by operating activities	4,199,195	4,459,546
Cash flows from investing activities:		
Net decrease in other interest-bearing deposits	-	245,000
Sales, maturities, prepayments, and calls of securities available for sale	8,147,278	10,548,892
Maturities, prepayments, and calls of securities held-to-maturity	535,000	500,000
Purchases of securities available for sale	(9,834,609)	(7,264,115)
Net increase in loans	(14,550,062)	(9,012,672)
Net (purchase) redemption of FHLB stock	(515,898)	593,207
Purchase of life insurance	(2,000,000)	-
Proceeds from sales of other real estate owned	4,984	4,957
Capital expenditures	(1,027,576)	(1,283,794)
Proceeds from sale of premises and equipment	95,233	-
Net cash used in investing activities	(19,145,650)	(5,668,525)
Cash flows from financing activities:		
Net increase in deposits	25,055,242	14,372,611
Repayments of borrowed funds	(5,000,000)	(20,000,000)
Proceeds from borrowed funds	5,000,000	-
Dividends paid	(537,580)	(511,980)
Net cash provided by (used in) financing activities	24,517,662	(6,139,369)
Net increase (decrease) in cash and cash equivalents	9,571,207	(7,348,348)
Cash and cash equivalents at beginning of year	13,093,746	20,442,094
Cash and cash equivalents at end of year	\$ 22,664,953	\$ 13,093,746
<b>Supplemental cash flow information:</b>		
Cash paid during the year for:		
Interest	\$ 9,865,496	\$ 7,000,202
Income taxes	585,000	1,017,000

See accompanying notes to consolidated financial statements.



# **MOUND CITY BANK**

## ***COMMUNITY FOCUSED***

**1000+**

EMPLOYEE COMMUNITY SERVICE  
VOLUNTEER HOURS

**\$61.1K**

COMMUNITY OUTREACH  
IN DONATIONS

**WHEDA  
MORE LIKE HOME™  
REPAIR & RENEW  
LOAN PROGRAM**

**63**

2024 CLOSED LOANS

**\$953K**

2024 TOTAL FUNDS DISPERSED

**REVIVING WISCONSIN COMMUNITIES  
ONE HOME AT A TIME**

**SERVING YOU  
WITH OUR LOAN &  
DEPOSIT PRODUCTS**

**290**

2024 CLOSED MORTGAGES  
PUTTING CUSTOMERS IN HOMES

**17.8K**

TOTAL DEPOSIT RELATIONSHIPS

**PROUD TO BE HERE FOR YOU**

**MOUND CITY BANK VOTED  
BEST OF THE BEST BANK IN GRANT & IOWA COUNTIES  
AND BEST FINANCIAL/INVESTMENT SERVICES IN GRANT COUNTY  
BY THE READERS OF THE GRANT, IOWA & LAFAYETTE SHOPPING NEWS!**

*Building lasting relationships  
with premier financial solutions*

