

PEOPLES STATE BANK  
**ANNUAL  
REPORT**



2025



# Table of Contents

---

<b>04</b>	Letter from our CEO	<b>10</b>	Changes in Allowance for Credit Losses
<b>05</b>	Our Executive Team	<b>11</b>	Past Due & Non-Accrual Loans & Leases And Changes in Equity Capital
<b>06</b>	Growth	<b>12</b>	Income Statement
<b>07</b>	Our Commitment	<b>14</b>	Our Reach
<b>08</b>	Loan and Deposits	<b>15</b>	Contact Us
<b>09</b>	Statement of Condition		

# TO OUR SHAREHOLDERS, CUSTOMERS & FRIENDS

This past year was characterized by a continued return to stability in financial markets after several years of historic volatility. For Peoples State Bank, 2025 was about acclimation – allowing our customers and our bank alike, another valuable year to digest this new normal and operate with greater clarity. Against this backdrop, we approached the year with both confidence in our fundamentals and respect for the broader economic landscape in which we operate.

Our approach, along with another year of balance sheet normalization, combined to generate strong financial performance in 2025. This strength is evidenced by significant increases in both our net interest margin (NIM) and earnings. Our NIM finished last year at 3.27%, compared to 2.71% in 2024. Earnings followed, culminating in \$11.209 million in net income and an ROA of 1.18% (compared to \$6.568 million and 0.70%, respectively, in 2024). Strong profitability further bolstered our capital position – which is important in supporting both growth and unexpected adversity – and we ended 2025 with a leverage ratio of 11.40%, well above regulatory “well-capitalized” standards.

Along with acclimation to the operating environment, our earnings were further assisted by strong balance sheet growth. Total bank assets increased by over 8% for the year – finishing at \$966 million – and loan volume deserves much of the credit for pushing assets higher in 2025. Total loans grew 11.24% (\$62 million) year-over-year, reflecting both deepened relationships and new opportunities. Still, we remained disciplined in our underwriting while achieving this growth and believe our loan portfolio is well-diversified, allowing for broader performance amid a variety of economic scenarios. Our allowance for loan losses is equal to 1.51% of total loans, and we conservatively maintain an “overfunded” position relative to our model calculation. We ended the year with \$616 million in total loans.

Since 2022, when interest rates increased drastically and stimulus money began draining from the financial system, retaining deposits (and paying their associated costs) has challenged our industry. Peoples State Bank has weathered this challenge very well and did so again in 2025. Moreover, declining interest rates in 2025 served as a mild “relief valve” on the demanding competitive pressures of the last few years, while still providing a healthy return for depositors. The sudden and swift migration from non-interest-bearing accounts into high-cost CDs eased in 2025 and served as further evidence of a normalizing banking environment. Total deposits increased 0.16% to \$779 million in 2025, which we consider a success given the competitive nature of the environment.

Now in 2026, we are again positioned for strong performance and are excited about our prospects. However, while economic conditions appear relatively stable today, new risks continue to emerge. Our strategy remains grounded in disciplined growth and strong capital stewardship. We are focused on remaining close to our customers, understanding their evolving realities, and responding with thoughtful solutions. We are grateful for the trust you place in us and remain committed to building long-term value for our shareholders while supporting the communities we are privileged to serve.



**Brennen Clark | President & CEO**

# Our Executive Team

Peoples State Bank's executive team provides strategic leadership focused on long-term stability, responsible growth, and exceptional customer service. Drawing on extensive experience in banking and financial services, the team works collaboratively to guide the organization's direction, strengthen operations, and support the needs of the customers and communities the bank serves.

Through disciplined decision-making and a commitment to relationship-based banking, the executive team continues to position Peoples State Bank for sustained success while upholding the values and service standards that define the organization.



**Brennen Clark**

President & CEO



**Emily Mahan**

CFO



**Roshini Mendis**

Chief HR & Security  
Officer, CCBIA



**Sharon Kluesner**

Chief Risk Officer



**Dan Headington**

Chief Credit  
Officer



**Duane Rogers**

Chief Lending  
Officer



**Justin Campbell**

Chief Technology  
Officer



**Daniel Glass**

Senior Vice  
President - Lending

# Growth

On February 2, Peoples State Bank opened its newly constructed branch located at 610 Rossville Road in Waukon, Iowa. The new facility replaces the previous Waukon location and represents a continued investment in infrastructure designed to support long-term growth and enhance customer accessibility.

The branch was designed to improve efficiency and convenience through enhanced site access, expanded parking, drive-up banking services, and a 24/7 ATM. The location continues to provide a full range of personal and business banking services, including deposit accounts, lending solutions, and other financial services that support the needs of individuals, families, and businesses in the Waukon area.

The transition to the new facility was completed with the same local staff in place, ensuring continuity of service and maintaining established customer relationships. The new branch supports Peoples State Bank's ongoing commitment to operational improvement while reinforcing its focus on responsive, relationship-based banking.

The opening of the Waukon branch marks an important step in the bank's continued investment in facilities and service delivery across its market area.



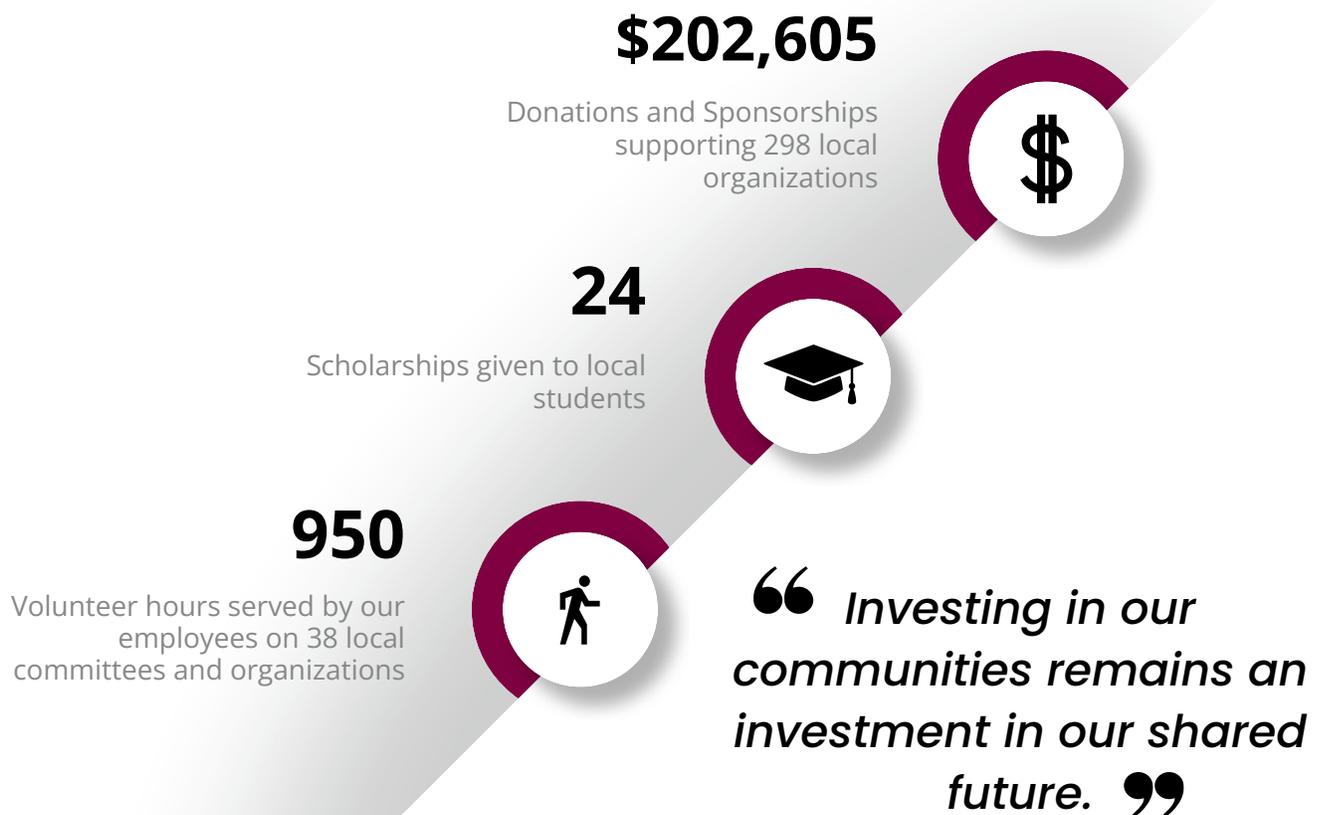
# Our Commitment

Supporting the communities we serve remains a central focus of Peoples State Bank. Through charitable contributions, sponsorships, and employee involvement, the bank continues to invest in initiatives that strengthen local organizations, support education, and enhance quality of life throughout the region.

In 2025, Peoples State Bank contributed **\$202,605** to **298** organizations, supporting community programs, schools, nonprofits, and local events across its market area. The bank also awarded **24** scholarships to local students, reinforcing its commitment to education and future workforce development.

Employee involvement continues to play an important role in these efforts. Team members contributed more than **950** volunteer hours during the year and served on **38** local committees and organizations, providing leadership and service in the communities where they live and work.

These collective efforts reflect Peoples State Bank's ongoing commitment to responsible corporate citizenship and meaningful community engagement.



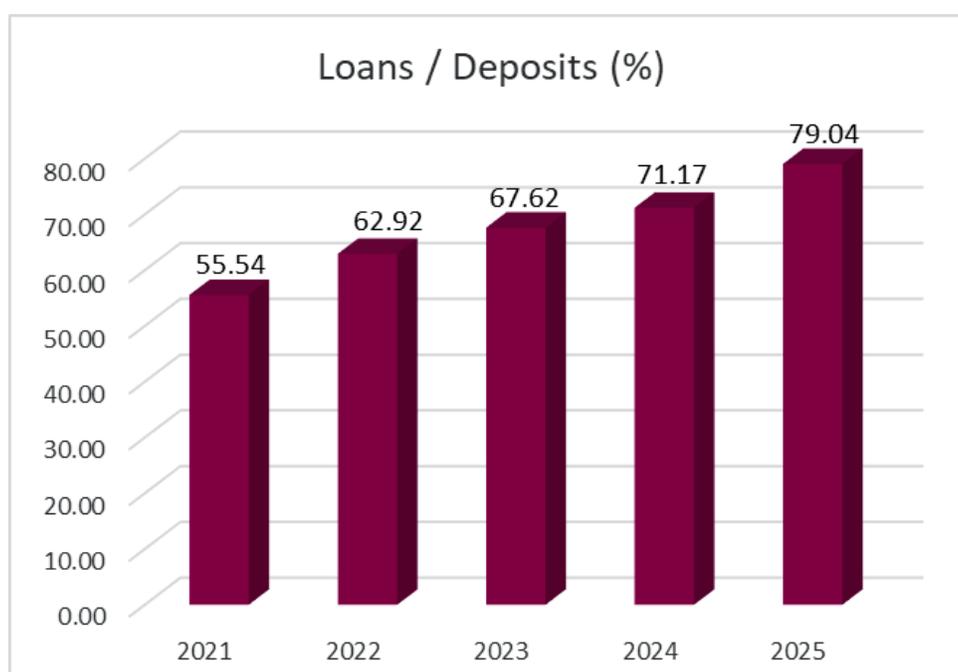
# Loan and Deposits

In 2025, we continued to make meaningful progress in optimizing our balance sheet, with the loan-to-deposit (LTD) ratio increasing to 79.04%, up from 71.17% in 2024. This improvement reflects strong loan growth during the year, with total loans rising to \$615.8 million, while deposits remained stable at \$779.1 million.

The increase in the LTD ratio highlights our focus on deploying capital into higher-yielding assets and improving overall earning efficiency. Loan growth in 2025 was driven by continued demand across our markets and our disciplined approach to credit quality and relationship banking.

Importantly, this progress was achieved while maintaining a stable and reliable deposit base, ensuring that growth in lending remained well-supported. As the LTD ratio approaches 80%, we are operating within a range that balances profitability with prudent liquidity management.

As we move forward, our focus remains on balanced growth—continuing to expand our loan portfolio while preserving the strength and stability of our deposit base. This disciplined approach positions us well to deliver sustainable performance and long-term value for our shareholders.



# Statement of Condition

All figures stated are in thousands

<b>ASSETS</b>		<b>Dec. 31, 2025</b>	<b>Dec. 31, 2024</b>
CASH & DUE FROM BANKS			
NON-INTEREST BEARING	\$	4,626	4,593
INTEREST BEARING		8,268	10,489
SECURITIES		294,960	283,950
FED FUNDS SOLD		-	1,294
LOANS & LEASE RECEIVABLES (NET)		606,520	544,298
PREMISES & FIXED ASSETS		12,506	9,045
INTANGIBLE ASSETS		5,075	5,297
OTHER ASSETS		34,301	31,637
TOTAL ASSETS	\$	966,256	890,603
<b>LIABILITIES &amp; EQUITY CAPITAL</b>		<b>2025</b>	<b>2024</b>
<u>LIABILITIES</u>			
DEPOSITS			
NON-INTEREST BEARING	\$	233,845	217,618
INTEREST BEARING		545,282	560,277
TOTAL DEPOSITS	\$	779,127	777,895
OTHER BORROWED MONEY	\$	85,097	33,518
OTHER LIABILITIES		6,105	5,747
TOTAL LIABILITIES	\$	870,329	817,160
<u>EQUITY CAPITAL</u>			
COMMON STOCK	\$	750	750
SURPLUS		17,940	17,940
UNDIVIDED PROFITS		96,987	88,669
UNREALIZED SECURITIES GAINS/(LOSSES)		(19,750)	(33,916)
TOTAL EQUITY CAPITAL	\$	95,927	73,443
TOTAL LIABILITIES & EQUITY CAPITAL	\$	966,256	890,603

# Changes in Allowance for Credit Losses

All figures stated are in thousands

<b>ALLOWANCE FOR CREDIT LOSSES</b>		<b>2025</b>	<b>2024</b>
BEGINNING BALANCE	\$	9,320	9,386
RECOVERIES OF PREVIOUS CHARGE-OFFS		128	468
PROVISION FOR CREDIT LOSSES		235	(419)
ACTUAL CHARGE OFFS		(380)	(194)
ACQUISITION ADJUSTMENT			79
BALANCE AT END OF PERIOD	\$	9,303	9,320
PROVISION FOR LOSSES ON OFF-BALANCE-SHEET CREDIT EXPOSURES	\$	(55)	(32)
<b>DETAIL OF AMOUNT CHARGED OFF</b>		<b>2025</b>	<b>2024</b>
REAL ESTATE LOANS	\$	-	18
INSTALLMENT LOANS		20	11
COMMERCIAL & ALL OTHER LOANS		360	165
TOTAL AMOUNT CHARGED OFF	\$	380	194
<b>DETAIL OF AMOUNT RECOVERED</b>		<b>2025</b>	<b>2024</b>
REAL ESTATE LOANS	\$	47	38
INSTALLMENT LOANS		9	2
COMMERCIAL & ALL OTHER LOANS		72	428
TOTAL AMOUNT RECOVERED	\$	128	468

# Past Due & Non-Accrual Loans & Leases

All figures stated are in thousands

## LOANS PAST DUE 30-89 DAYS & STILL ACCRUING

		2025	2024
REAL ESTATE LOANS	\$	797	899
INSTALLMENT LOANS		27	92
COMMERCIAL & ALL OTHERS		83	47
TOTAL PAST DUE	\$	907	1,038
<i>Agricultural Production Loans Included Above</i>		-	-

## LOANS IN NON-ACCRUAL STATUS

		2025	2024
REAL ESTATE LOANS	\$	1,497	481
INSTALLMENT LOANS		-	3
COMMERCIAL & ALL OTHERS		258	226
TOTAL NON-ACCRUAL	\$	1,755	710
<i>Agricultural Production Loans Included Above</i>		94	133

# Changes in Equity Capital

All figures stated are in thousands

		2025	2024
TOTAL EQUITY AT BEGINNING OF PERIOD	\$	73,443	75,048
NET INCOME		11,209	6,568
CASH DIVIDENDS DECLARED		(2,891)	(1,752)
STOCK REPURCHASES		-	(6,779)
OTHER COMPREHENSIVE INCOME		14,166	358
TOTAL EQUITY AT END OF PERIOD	\$	95,927	73,443

# Income Statement

All figures stated are in thousands

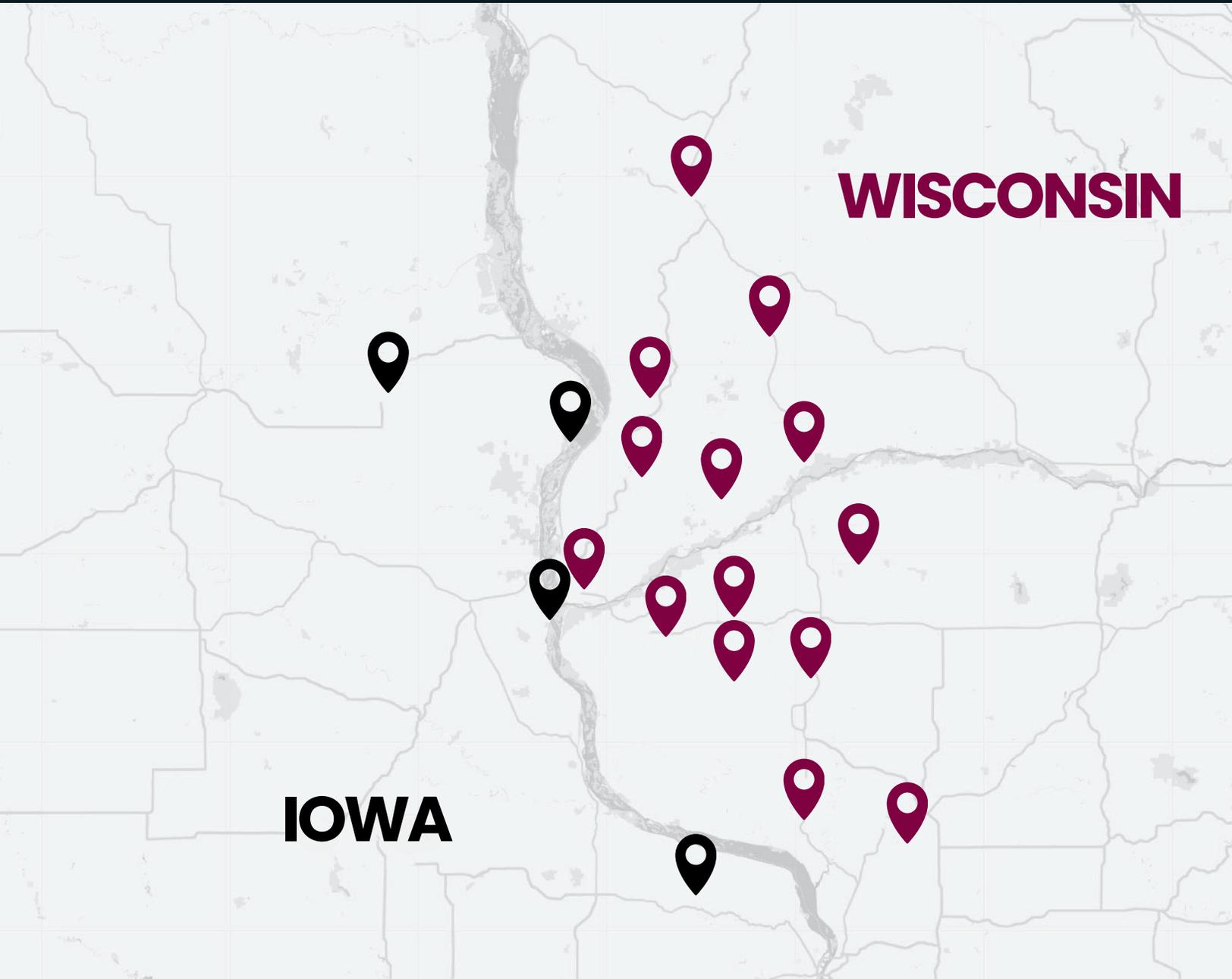
<b>INTEREST INCOME</b>		<b>2025</b>	<b>2024</b>
<i>INTEREST &amp; FEE INCOME ON LOANS</i>			
REAL ESTATE LOANS	\$	24,469	22,321
COMMERCIAL & INDUSTRIAL LOANS		5,330	4,544
LOANS TO INDIVIDUALS		690	623
ALL OTHER LOANS		5,492	5,067
TOTAL INTEREST & FEE INCOME ON LOANS	\$	35,981	32,555
<i>INTEREST &amp; DIVIDEND INCOME ON SECURITIES</i>			
U.S. GOVT. & AGENCY OBLIGATIONS	\$	679	722
MORTGAGE-BACKED SECURITIES		3,652	2,549
ALL OTHER SECURITIES		2,525	2,558
INTEREST INCOME ON FED FUNDS SOLD		284	956
OTHER INTEREST INCOME		284	242
TOTAL INTEREST & DIVIDEND INCOME ON SECURITIES	\$	7,424	7,027
TOTAL INTEREST INCOME	\$	43,405	39,582
<b>INTEREST EXPENSE</b>			
TRANSACTION ACCOUNTS	\$	1,709	1,767
SAVINGS DEPOSITS		2,223	1,698
TIME DEPOSITS		7,712	8,730
FED FUNDS PURCHASED		7	5
OTHER INTEREST EXPENSE		1,933	2,957
TOTAL INTEREST EXPENSE	\$	13,584	15,157
NET INTEREST INCOME	\$	29,821	24,425

# Income Statement

All figures stated are in thousands

		2025	2024
PROVISION FOR CREDIT LOSSES	\$	180	(451)
<b>NON-INTEREST INCOME</b>		<b>2025</b>	<b>2024</b>
SERVICE CHARGES ON DEPOSIT ACCOUNTS	\$	550	521
INVESTMENT FEES & COMMISSIONS		20	59
NET SERVICING FEES		564	523
INCOME FROM OTHER INSURANCE ACTIVITIES		58	45
OTHER NON-INTEREST INCOME		2,429	2,394
TOTAL NON-INTEREST INCOME	\$	3,621	3,542
REALIZED GAINS/(LOSSES) ON AVAILABLE-FOR-SALE SECURITIES	\$	(421)	(120)
<b>NON-INTEREST EXPENSE</b>		<b>2025</b>	<b>2024</b>
SALARIES & EMPLOYEE BENEFITS	\$	13,718	13,974
OCCUPANCY & FIXED ASSETS AMORTIZATION EXPENSE		1,363	1,435
OTHER NON-INTEREST EXPENSE		6,249	5,904
TOTAL NON-INTEREST EXPENSE	\$	21,553	21,703
UNREALIZED GAINS/(LOSSES) ON EQUITY SECURITIES	\$	(21)	(1)
INCOME BEFORE TAXES	\$	11,267	6,594
INCOME TAXES	\$	58	26
NET INCOME	\$	11,209	6,568

# Our Reach



With 19 locations across Southwest Wisconsin and Northeast Iowa, our presence reflects a deep understanding of the people, businesses, and agricultural roots that drive this region. Each location is staffed by local experts committed to building lasting relationships and delivering financial solutions that fit where you are—and where you're going.

# Contact us



Phone Number

**800-280-1074**



Email Address

**PeoplesBancorp@peoplesfinancial.com**



Website

**www.peoplesfinancial.com**



