



ANNUAL REPORT

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UNIVERSAL FINANCIAL SERVICES, INC.
HOLDING COMPANY OF FIRST STATE BANK AND TRUST & VALLEY AGENCIES, INC.

FIRST STATE
BANK AND TRUST

VALLEY
AGENCIES
INSURANCE

Achieve More. Together.™

AS WE REFLECT ON THE PAST YEAR, I AM PROUD TO REPORT THAT VALLEY AGENCIES AND FIRST STATE BANK AND TRUST CONTINUE TO DEMONSTRATE STRENGTH, STABILITY, AND STEADY PROGRESS.

While our organization now stands more than a century removed from our founding, our purpose remains unchanged: to serve as a trusted, independent financial partner for the individuals, families, and businesses of the St. Croix Valley.

The financial results presented in this annual report reflect another year of disciplined growth and strong performance. We achieved healthy gains in earnings, sustained loan and deposit growth, and further strengthened our capital position. Our diversified model — banking, insurance, mortgage, and trust services — continues to provide balance and opportunity, allowing us to meet clients wherever they are in their financial journey.

As we look ahead, we recognize that the financial services landscape is once again evolving at an unprecedented pace. Over the past century, our industry has navigated the Great Depression, significant regulatory reforms, the rise of interstate banking, the advent of ATMs and online banking, the financial crisis of 2008, and the rapid digitization accelerated by the pandemic. Each period of disruption required adaptation, thoughtful leadership, and an unwavering commitment to our core values. Today, emerging technologies such as artificial intelligence are transforming how institutions analyze data, manage risk, and serve clients more efficiently. At the same time, digital assets and cryptocurrency are reshaping conversations about payments, custody, and the future of money. As we have done for more than 110 years, we will approach these developments with disciplined evaluation, embracing innovation where it enhances client experience and operational strength, while remaining grounded in prudent risk management,

regulatory compliance, and relationship-based banking. Our history gives us confidence that we can adapt to change without losing sight of who we are.

Economic conditions may fluctuate, and uncertainty will always be part of the broader landscape. However, our long-term perspective, conservative risk management, and commitment to relationship banking position us to navigate change with confidence. We are not driven by short-term trends, but by enduring values that have served us well since 1914.

On behalf of our Board of Directors and employees, thank you for your continued trust and investment in our organization. Your support enables us to remain independent, community-focused, and forward-looking.

Sincerely,



Jason A. Howard
PRESIDENT / CEO



BOARD OF DIRECTORS



Left to right: **Mel Sullivan, Ryan Cari, Tom Wagner, Andy Rollwagen, Michael Swisher, Jason Howard, Monica Weekes, Chad Fett, Keith Olson, Chris Galvin, Peter Clements (Board Chair)** Not pictured: **Dwight Cummins**

2025 MILESTONE ANNIVERSARIES

5 YEARS

**KATIE KRANZ
RICH SANDQUIST
SAM CLARK
STACY DRILL**

10 YEARS

PAM BAKER

15 YEARS

**TOM SIGSTAD
BOB GRAY**

20 YEARS

JOETTE BARR

25 YEARS

ERIN CROWDER

30 YEARS

MARY JO DIIOIA (RETIRED)

35 YEARS

TERI BARNHOLDT

CONGRATULATIONS AND THANK YOU
TO OUR EMPLOYEES WHO CELEBRATED
MILESTONE SERVICE ANNIVERSARIES
IN 2025



**\$473 MILLION
TOTAL ASSETS**



**\$302 MILLION
OUTSTANDING LOANS**



**\$430 MILLION
DEPOSITS**



**\$7.42 BILLION
TRUST ASSETS
UNDER
MANAGEMENT**



**4,267
INSURANCE
POLICIES
MANAGED**



**22.84%
TOTAL RETURN
ON EQUITY**



**98
EMPLOYEES**

UNIVERSAL FINANCIAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

AS OF DECEMBER 31,	2025 (IN THOUSANDS)	2024 (IN THOUSANDS)
ASSETS:		
Cash and due from banks	\$71,055	\$41,215
Securities available for sale	85,144	83,006
Loans, net of allowance	298,547	283,271
Premises and equipment, net	11,567	10,330
Other assets	7,012	6,245
TOTAL ASSETS	\$473,325	\$424,067
LIABILITIES:		
Deposits	\$428,255	\$385,670
Borrowings	5,000	5,000
Other liabilities	4,025	3,524
TOTAL LIABILITIES	437,280	394,194
STOCKHOLDERS' EQUITY:		
Common stock	4,315	4,342
Additional paid-in capital	5,357	5,578
Retained earnings	27,960	23,690
Accumulated other comprehensive income (loss)	(1,587)	(3,737)
TOTAL STOCKHOLDERS' EQUITY	36,045	29,873
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$473,325	\$424,067
CORE CAPITAL RATIO	8.98%	9.19%
BOOK VALUE PER SHARE	\$334.12	\$275.22

UNIVERSAL FINANCIAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

YEARS ENDED DECEMBER 31,	2025 (IN THOUSANDS)	2024 (IN THOUSANDS)
INTEREST AND DIVIDEND INCOME:		
Loans, including fees	\$18,707	\$16,166
Securities	2,131	2,177
Other interest and dividends	1,269	1,286
Total interest and dividend income	22,107	19,629
INTEREST EXPENSE:		
Deposits	6,636	6,470
Borrowings	435	398
Total interest expense	7,071	6,868
Net interest income	15,036	12,761
Provision for loan losses	304	330
Net interest income after provision for loan losses	14,732	12,431
NON INTEREST INCOME:		
Bank service and other fees	1,090	1,042
Trust services	7,401	6,347
Commissions	1,946	1,774
Gain (loss) on sale of securities	(229)	(237)
Gain (loss) on mortgage servicing rights	317	—
Loss on sale of assets	(47)	(109)
Total non interest income	10,478	8,817
NON INTEREST EXPENSE:		
Salaries and benefits	11,651	10,107
Premises and equipment	1,554	1,333
Data processing and technology	1,440	1,125
Other non interest expense	3,029	3,112
Total non interest expense	17,674	15,677
NET INCOME	\$7,536	\$5,571
EARNINGS PER SHARE	\$69.71	\$51.33
NET INTEREST MARGIN	3.84%	3.47%



**4,000
SOCIAL MEDIA
FOLLOWERS**



**1,027,430
DEBIT CARD
TRANSACTIONS**



**4,871
ONLINE
BANKING USERS**



**1,851
BILL PAY
USERS**



**3,347
MOBILE
BANKING USERS**



**\$64 MILLION
TOTAL LOAN
ORIGINATION
VOLUME**



**\$37 MILLION
IN MORTGAGE
PRODUCTION**

TOGETHER, THESE FOUR LONGTIME FSBT EMPLOYEES HAVE CONTRIBUTED MORE THAN 109 YEARS OF SERVICE. PLEASE JOIN US IN CONGRATULATING THEM ON THEIR RECENT RETIREMENTS.



Mary Jo

JOINED OUR TEAM IN 1995
30 YEARS OF SERVICE

Mary Jo joined First State Bank of Bayport (FSBT's original name) in 1995 as a teller. A year later, she moved to the Trust Services Department and has been a key part of the team ever since, through countless changes.

In retirement, Mary Jo plans to volunteer, get organized, travel, and enjoy time with her grandkids. Congratulations, Mary Jo! We wish you all the best.



Tammy Livingston

JOINED OUR TEAM IN 1992
33 YEARS OF SERVICE

Tammy joined what many lovingly call the "Bayport Bank" in 1992. She started as a teller, later moved into Operations, and became Operations Officer/Fraud Specialist. Tammy thrived on problemsolving—whether it was system/program enhancements or helping customers and coworkers with issues.

Her passion for protecting seniors from fraud became one of the most meaningful parts of her work. She educated older adults on common scams, supported vulnerable adults through her involvement with Washington County's MultiDisciplinary Team, and shared her expertise with coworkers who have since become fraud specialists themselves.

Now, Tammy is looking forward to a list of "nots":

- not setting an alarm
- not having to decide what to wear every day
- not having to learn new computer programs
- not rushing home from the cabin

After doing "nothing" for a bit, she will fill her days with kids and grandkids, cleaning, puzzles, reading, road trips with friends, exploring cemeteries and traveling with her husband, Kirby, who will soon retire after more than 50 years in law enforcement.



Lori Martin

JOINED OUR TEAM IN 1997
28 YEARS OF SERVICE

Lori started in the Bayport drive-up in 1997, then moved to Oak Park Heights as a Personal Banker, where she had the privilege of helping clients navigate their financial goals. Lisa Johnson and Lori were proud to help open the Boutwells office, planting roots in a growing community. Eventually, Lori returned to the Bayport office, where she has spent many fulfilling years serving clients and mentoring colleagues.

As she steps into retirement, Lori is looking forward to spending more time with her family - especially her seven wonderful grandchildren - and enjoying road trips with her husband, Tom. Gardening, crafting, and travel adventures await.



John Richards (JR)

JOINED OUR TEAM IN 2007
18 YEARS OF SERVICE

JR joined FSBT in 2007 and early in the journey of managing IT, he took on Cyber Security roles. Providing a secure environment for a business to operate has always been his primary focus.

In retirement, JR and his wife, Val, are looking forward to fewer responsibilities and a little less accountability. He is looking forward to fishing and golfing more, finally having the daylight hours for some yard work and the honey do list. JR and Val enjoy hitting the wineries and orchards for relaxation - JR is typically the designated driver! Their first big trip will be Germany to visit their daughter Ginny who has been studying Archeology at Tubingen University for the past year. After that, he and Val will just take life as it comes and enjoy their time with family and friends, exploring new and old places, seeking out good food, some entertaining events, and living life as it comes at us.

WE TEAMED UP WITH FEDERAL HOME LOAN BANK OF DES MOINES TO MAKE A REAL DIFFERENCE!

Through the **Member Impact Fund**, we awarded over **\$300,000** in grants to **five** incredible local organizations making powerful change in our communities.



**STEPPING STONE
EMERGENCY
HOUSING**



**TWO RIVERS
COMMUNITY
LAND TRUST**



**VALLEY
OUTREACH**



**LAKEVIEW
HEALTH
FOUNDATION**



**NORTHERN STAR
SCOUTING**

In just three months, we welcomed 57 new relationships – an exciting milestone that reflects our growing impact and community connection. Even more inspiring, these new relationships fueled \$5,700 reinvested directly into the communities we proudly serve.

As part of our commitment to purpose-driven banking, every new client had the opportunity to select a local non-profit organization to receive a \$100 contribution upon opening their deposit account. This initiative not only strengthens local organizations but also empowers our clients to support causes that matter most to them.

Together, we're turning growth into generosity – and building a brighter future for the communities we call home.



YOUR ACCOUNT
**YOUR
CAUSE**

NEW CLIENTS chose to direct their donation to one of the following organizations:

- Bayport Public Library Foundation
- Coco's Heart Dog Rescue
- FamilyMeans
- Hudson Area Library Foundation
- Hudson Boosters, Inc.
- Operation HELP
- River Valley Charities
- Habitat for Humanity
- St. Croix Valley Athletic Association
- Vetertainment, Inc.